

FRANCHISE DISCLOSURE DOCUMENT



SCOLICARE FRANCHISING LLC

a Delaware limited liability company

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The franchise offered is for the establishment and operation of “ScoliCare” clinics dedicated to the treatment of scoliosis for children and adults (each, a “Clinic”).

The total investment necessary to begin operation of a new franchised Clinic is \$284,300 to \$541,500, which includes \$49,000 that must be paid to the franchisor and/or its affiliate. The total initial investment necessary to begin operation of a Clinic when converting an existing chiropractic or similar use and layout premises is \$161,800 to 246,000, which includes \$49,000 that must be paid to the franchisor and/or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Andrew Lyme at andrew.lyme@scolicare.com (tel: +61 459 654 146).

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

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

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

Issuance Date: October 15, 2025

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 E.
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 D 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 "ScoliCare" business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a "ScoliCare" franchisee?	Item 20 or Exhibit E 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:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with us by mediation in Los Angeles, California and litigation in New York, New York. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate in Los Angeles and litigate in New York than in your own state.

Minimum Royalty Payments. You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Supplier Control. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

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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EXHIBITS:

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| A: List of State Administrators/Agents
for Service of Process | F: List of Franchisees Who Have Left The
System |
| B: State Specific Addenda | G: Table of Contents of Brand Manual |
| C: Franchise Agreement | H: Franchisee Disclosure Acknowledgment
Statement |
| D: Financial Statements | I: Form of General Release |
| E: List of Franchisees | J: State Effective Dates |
| | K: FDD Receipts |

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

The Franchisor is ScoliCare Franchising LLC, which for the ease of reference, is referred to as “**we**,” “**us**” or “**ScoliCare**” in this disclosure document. We refer to the party (whether an individual or an entity) that buys the franchise as “you” throughout this disclosure document. If you are a corporation or other form of business entity, certain provisions of the Franchise Agreement also apply to your owners and will be noted.

We are a Delaware limited liability company that was formed on April 19, 2021. Our franchisees will do business as “ScoliCare.” Our principal business address is Level 5, 15 Kensington Street, Kogarah, New South Wales, Australia 2217 (tel: 1300 883 884).

We are engaged in the business of granting and supporting franchises to operate “ScoliCare” clinics dedicated to the treatment of scoliosis in children and adults (“**ScoliCare Clinics**” or “**Clinics**”). We do not own or operate any businesses of the type to be operated by our franchisees. We do not conduct business in any other line of business. We have been offering franchises of the type being offered in this disclosure document since June 2021. We have never offered franchises in any other line of business.

Our agents for service of process are attached as Exhibit A to this Disclosure Document.

Our Parents, Predecessors and Affiliates

Our parent is Lasio Rhinus Holdings, Inc. (“**LRHI**”), a Delaware corporation that was formed on April 14, 2021, with its principal place of business at Level 5, 15 Kensington Street, Kogarah, New South Wales, Australia 2217. LRHI will not provide you with any products or services, nor will it guaranty our performance. LRHI has never offered franchises in this or any other business.

Our affiliate is ScoliCare IP Pty Ltd (ACN 646 766 350) (“**SIPL**”), an Australian limited liability company, formed on December 22, 2020, with its principal place of business at Level 5, 15 Kensington Street, Kogarah, New South Wales, Australia 2217. SIPL owns our proprietary marks, and has licensed the proprietary marks to SUIL (defined below) so that SUIL may, in turn, sub-license them to us. SIPL has never offered franchises in this or any other business.

Our affiliate is ScoliCare US IP LLC (“**SUIL**”) a Delaware limited liability company that was formed on April 19, 2021, with its principal place of business at Level 5, 15 Kensington Street, Kogarah, New South Wales, Australia 2217. As noted above, SIPL has licensed the proprietary marks SUIL, and SUIL has, in turn, licensed the proprietary marks to us so that we may sub-license them to our franchisees. SUIL has never offered franchises in this or any other business.

Our affiliate is ScoliCare Pty Ltd. (“**SPL**”) an Australia limited company that was formed on December 22, 2020 in New South Wales, with its principal place of business at Level 5, 15 Kensington Street, Kogarah, New South Wales, Australia 2217. SPL sells scoliosis braces (ScoliBrace) and other specialized stock, consumables and uniforms to franchisees for use in the operation of ScoliCare Clinics. SPL has never offered franchises in this or any other business.

ScoliCare Franchises

A ScoliCare Clinic will be operated in a building that bears our trade dress (interior, exterior, or both) and specializes in the non-surgical treatment of scoliosis using observation, physical therapy and exercise, bracing, and complementary and alternative therapies, which include Proprietary Items (as defined below) as well as non-proprietary items provided to patients on-site (the “**Products**”). The services that are associated with offering Products to consumers are referred to as the “**Services**.”

Among the distinguishing characteristics of a Clinic are that it operates under our “ScoliCare” System. Our System includes (among other things): Products; distinctive interior and exterior design and accessories; opening hours; operational procedures; signage; standards and specifications; quality and uniformity of treatments, products and services offered; management and inventory control procedures; software; training and assistance; business format, layouts and floor plans, methods, equipment lists and layouts, the Proprietary Marks (defined below), as well as advertising and promotional programs (together, the “**System**”).

We offer to enter into franchise agreements (“**Franchise Agreements**”) with qualified corporations and persons (“**you**”) that wish to establish and operate a ScoliCare Clinic. Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate one ScoliCare Clinic (the “**Franchised Business**”) at an agreed-upon location (the “**Accepted Location**”) that will be specified in the Franchise Agreement. You will either establish a new Clinic at the Accepted Location (a “**New Clinic**”) or if you operate an existing chiropractic or similar use and layout premises at the Accepted Location, you will convert that existing business to a Clinic (a “**Conversion Clinic**”). Unless otherwise specified, all references to a Clinic will apply to both a New Clinic and a Conversion Clinic.

We do not require you to be a medical professional. However, we do require the primary healthcare clinician/s that are employed at the Franchised Business to undertake our scoliosis specific training programs and are, at a minimum, a licensed practitioner of physiotherapy, chiropractics, or osteopathy, or a licensed medical doctor.

We identify the System by means of our Proprietary Marks. Our proprietary marks include certain trade names (for example, the mark “SCOLICARE” and logo), service marks, trademarks, logos and emblems, as well as other trade names, service marks, and trademarks that we may periodically specify (all of these are referred to as our “Proprietary Marks”). ScoliCare Clinics must operate according to our standards and procedures, as set out in our confidential brand manual and other written instructions relating to the operation of a ScoliCare Clinic (the “**Brand Manual**”).

Market and Competition

The general market for the type of scoliosis treatment Clinic that we are marketing is developing. The Franchised Business will compete primarily with local healthcare clinics (such as chiropractors, physical therapy businesses and orthopedic surgery practices) the market is competitive. A ScoliCare Clinic markets to adolescents and adults with scoliosis and to health professionals. We plan to continue controlled expansion to improve name recognition and the reputation of the System.

Industry Specific Laws

You must comply with all applicable local, state, and federal laws that apply to the operation of the Franchised Business, including, for example, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and related regulations, patient privacy, chiropractic and physiology licenses, employment, and tax laws. You will likely be subject to additional regulations, including, for example, zoning, building code, health, sanitation, no-smoking laws. The Americans with Disability Act of 1990 and state equivalents require readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You may be required to obtain permits and business licenses before undertaking construction or operating the business. We urge you to make inquiries about any laws or regulations that may affect the operation of your Franchise.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer and Chairman of the Board of Directors: Jeb McAviney

Mr. McAviney has been our Chief Executive Officer and Chairman of our Board of Directors since our inception in April 2021. He is also, and has been since August 2011, a Member of the Board of Directors and Chief Executive Officer for our affiliate SPL.

Chief Innovation Officer: Michelle McAviney

Ms. McAviney has been our Chief Innovation Officer since our inception in April 2021. She is also, and has been since August 2011, a Member of the Board of Directors and Chief Innovation Officer for our affiliate SPL.

Chief Operating Officer: Melanie Ward

Ms. Ward has been our Chief Operating Officer since our inception in April 2021. She has also been Operations Manager for our affiliate SPL since November 2017. Before that, she was Strategy and Development Manager for Collective Wellness Group & Anytime Fitness Australia in Sydney, NSW, Australia from August 2014 to November 2017.

Chief Commercial Officer: Andrew Lyme

Mr. Lyme has been our Chief Commercial Officer since our inception in April 2021. He is also, and has been since December 2014, Managing Director for Global Retail Partners in Sydney, NSW, Australia.

ITEM 3 LITIGATION

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**

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay us an initial franchise fee of \$49,000. The initial franchise fee will be fully earned when paid, must be paid in one lump-sum amount, and is non-refundable. The initial franchise fee is uniform for new franchisees; however in our last fiscal year two franchisees received a 25% reduction in the initial franchise fee.

There are no other payments to or purchases from us or our affiliates that you must make before you begin operating your Franchised Business.

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**ITEM 6
OTHER FEES**

Type Of Fee	Amount	When Due	Remarks
Royalty Fee (Notes 1 and 2)	The greater of 5% of Gross Sales, or the Minimum Royalty Fee due. See Note 3	By the 14 th day of every Period for the preceding Period	Royalty Fees are paid via electronic funds transfer, or another method we designate. If you do not report your Gross Sales, we will charge (or deduct from your bank account) the Minimum Royalty Fee. When we have determined your accurate Gross Sales, if you owe us additional Royalty Fees we will charge (or deduct from your bank account) any balance due on a day we specify
Transfer (Notes 1 and 3)	The greater of \$24,500 or 50% of our then-current initial franchise fee, plus any applicable broker or commission fees	On closing of transfer	There is no transfer fee when an individual transfers to his/her business entity, one time only.
Initial Management Training (Note 1)	No fee paid to us for up to four individuals attending our training program. \$5,000 per person for additional trainees. Costs and expenses of attending training.	As incurred	We do not charge a training fee for four individuals to attend our initial training program. If you send more than three individuals to our initial training, you must pay us a training fee for each additional individual. You will bear the cost of any wages, benefits, travel, lodging and meal expenses incurred by you and your attendees during initial training
Additional Training (Note 1)	Our then-current tuition rate (which is currently \$150 per hour), plus expenses, but not to exceed \$500 per day	At time of training	If you ask that we provide additional on-site training, then you will pay our then-current tuition rate plus our representative's expenses, including travel, lodging and meals. If you ask for additional training at our training site, you will incur these expenses for your attendee, as well as the tuition fee.

Type Of Fee	Amount	When Due	Remarks
Marketing Contribution (Note 4)	4.5% of Gross Sales. See Note 4	Payable at the same time and in the same manner as the Royalty Fees	See Item 11 for a description of the Marketing Fund.
Renewal Fee	The greater of \$12,250 and 25% of the then-current initial franchise fee	At time of renewal	
Relocation Expenses	Will vary under circumstances	At time of relocation (Note 5)	You may not relocate the Franchised Business without our prior written consent. Any proposed relocation will be subject to our review and approval, and the payment (in advance) of Relocation Expenses (Note 5).
Interest	1.5% per month or the highest applicable rate, whichever is less	On demand	Payable on any amounts owed to us or our affiliates that is overdue
Supplier Evaluation	Reasonable costs of evaluation, but not to exceed \$250 per evaluation	On demand	Payable either by you or the proposed new supplier if you request to buy products from an unapproved supplier
Audit Fees	Cost of audit plus interest on underpayment.	On demand	If an audit is required due to your failure to provide reports, or if an audit reveals an understatement of any amount by 2% or more, you must pay any understated amount to us plus interest, and you must reimburse the costs of the audit. We retain our other rights under the Franchise Agreement and applicable law, including the right to terminate your Franchise Agreement
Securities Offering Fee	\$10,000 (or our reasonable costs and expenses, if more)	Upon demand	Only due if you or an affiliate engage in a securities offering. You also must indemnify us (see below).

Type Of Fee	Amount	When Due	Remarks
Indemnification	Will vary under circumstances	When incurred	You must defend, indemnify and hold us and our affiliates and various other parties harmless from all losses, damages, liability, costs and expenses etc. of any kind arising in whole or in part from the operation of your Business or any violation of your Franchise Agreement with us.
Convention / Meeting Attendance Fee	\$250 per person per day.	As incurred	You must attend the conventions and meetings that we may periodically require. We may charge this fee for each person who is required to attend (and, if applicable, additional attendees that you choose to send as well).
Inspection Fee	Our then-current per diem fee, not to exceed \$3,000 per inspection, plus our reasonable travel expenses.	As incurred	You must pay these amounts if additional inspections at the Franchised Business are required when a violation has occurred and you have not corrected the violation, or if you did not provide us with your records or access to your records upon reasonable request that is permitted under the Franchise Agreement.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	You must reimburse us for our costs in enforcing the terms of your Franchise Agreement with us
Technology Fee	\$700 to \$800 per month	Payable to us or our designee at the same time and in the same manner as the Royalty Fees	This fee is payable for software licenses required to operate the Franchised Business including IT helpdesk support.

Notes to Item 6 chart:

Note 1: All fees are uniformly applied to new system franchisees and are non-refundable. However, in instances in which it was appropriate to do so, we have waived some or all of these fees for particular franchisees.

Note 2: "**Gross Sales**" means all revenue from the sale of all Products and services and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether or not permitted under the Franchise Agreement), including barter and the

proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Gross Sales excludes: (a) any legitimate and reasonable discounts and/or refunds that you provide to patients; and (b) sales taxes or other taxes that you collect from your patients and actually pay to the appropriate taxing authorities.

The “**Minimum Royalty Fee**” is \$21,000 during the first year after you begin operations, and will increase by 5% each additional year during the term. (By way of example, the Minimum Royalty Fee will be \$22,050 in your second year, \$23,152.50 in your third year, etc.)

The term “**Period**” means a four or five-week accounting interval during the calendar year for the purpose of organizing books and records (with 12 or 13 Periods in one year). We may establish the schedule for Periods with reasonable advance notice to you.

Note 3: If you are selling your Franchised Business and the purchaser is an individual or company that has previously been referred to us by a franchise broker or is otherwise current in our franchise sales process, then you must pay the applicable franchise broker fees (or any other applicable fees) if the sale to that individual/company is completed as a condition to our approving the sale and transfer.

Note 4: You must contribute an amount equal to 4.5% of your Gross Sales as a “**Marketing Contribution**,” which we have the right to allocate in the proportion that we designate among the following:

- the System-wide marketing and promotional fund (the “**Marketing Fund**”);
- local marketing, which we may allocate between:
 - (a) any regional cooperative marketing fund established for your area (a “**Regional Fund**”) (but we are not required to establish a Regional Fund for your area); and
 - (b) funds that you will spend on local marketing and promotion.

Note 5: If you wish to relocate the Franchised Business, then you must reimburse us (in advance) for the costs and expenses that we reasonably expect to incur (including, if we deem necessary to visit the proposed new location, the costs of travel, lodging and meals for our representatives to visit the proposed location), and our legal fees and related expenses incurred in connection with reviewing, approving, and documenting your relocation of the Franchised Business to a new site (the “**Relocation Expenses**”). The parties will reconcile the Relocation Expenses within 30 days after you have reopened your Clinic at the new location, based on a statement of our actual Relocation Expenses, at which time: **(a)** we will refund to you the unused balance of the funds that you have advanced as compared to our actual Relocation Expenses; or **(b)** you will pay us the additional amount necessary to fully reimburse us for our actual Relocation Expenses.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

The following tables present estimated initial investment information for the development of a Conversion Clinic (Table 1) and a New Clinic (Table 2).

Please read these tables together with the notes that follow.

Table 1 – Conversion Clinic				
YOUR ESTIMATED INITIAL INVESTMENT				
Item	Estimated Cost	Method Of Payment	When Due	To Whom Paid
Franchise Fee (Note 2)	\$49,000	Lump Sum	When you sign the Franchise Application Agreement and Franchise Agreement	Us
Lease/Rent (Note 3)	\$3,300 - \$11,500	As arranged	As arranged	Third Parties
Leasehold Improvements; Construction Costs (Note 4)	\$21,000 - \$36,000	As arranged	As arranged	Contractors; suppliers
Equipment and Furniture (Note 5)	\$26,000 to \$30,000	As arranged	As incurred	Suppliers
Opening Advertising (Note 6)	\$5,000	As arranged	As arranged	Various
Training (Note 7)	\$3,500 to \$5,000	As arranged	As arranged	Local provider
Start-up Supplies and Inventory (Note 8)	\$3,000 to \$6,500	As arranged	As incurred	Suppliers
Utility Deposits (Note 9)	\$0	As arranged	As incurred	Utility companies
Professional Fees (Note 10)	\$5,000 to \$10,000	As arranged	As arranged	Lawyer, Accountant and Consultant
Insurance (Note 11)	\$5,000 to \$10,000	As arranged	As arranged	Insurance provider
Medical Equipment and Inventory (Note 12)	\$2,000 to \$4,000	As arranged	As incurred	Suppliers

Table 1 – Conversion Clinic				
YOUR ESTIMATED INITIAL INVESTMENT				
Additional Funds – 3 Months (Note 13)	\$30,000 to \$70,000	As arranged	As arranged	Not Applicable
Initial Digital Site Advertising (Note 14)	\$9,000	As arranged	As arranged	Various
Total (Note 15)	\$161,800 to \$246,000			

Table 2 – New Clinic				
YOUR ESTIMATED INITIAL INVESTMENT				
Item	Estimated Cost	Method Of Payment	When Due	To Whom Paid
Franchise Fee (Note 2)	\$49,000	Lump Sum	When you sign the Franchise Application Agreement and Franchise Agreement	Us
Lease/Rent (Note 3)	\$9,800 to \$36,000	As arranged	As arranged	Third Parties
Leasehold Improvements; Construction Costs (Note 4)	\$72,000 to \$215,000	As arranged	As arranged	Contractors; suppliers
Equipment and Furniture (Note 5)	\$28,000 to \$33,000	As arranged	As incurred	Suppliers
Opening Advertising (Note 6)	\$5,000	As arranged	As arranged	Various
Training (Note 7)	\$3,500 to \$5,000	As arranged	As arranged	Local provider
Start-up Supplies and Inventory (Note 8)	\$3,000 to \$6,500	As arranged	As incurred	Suppliers
Utility Deposits (Note 9)	\$1,000 to \$3,000	As arranged	As incurred	Utility companies
Professional Fees (Note 10)	\$5,000 to \$10,000	As arranged	As arranged	Lawyer, Accountant and Consultant

Table 2 – New Clinic				
YOUR ESTIMATED INITIAL INVESTMENT				
Item	Estimated Cost	Method Of Payment	When Due	To Whom Paid
Insurance (Note 11)	\$5,000 to \$10,000	As arranged	As arranged	Insurance provider
Medical Equipment and Inventory (Note 12)	\$60,000 to \$90,000	As arranged	As incurred	Suppliers
Additional Funds – 3 Months (Note 13)	\$30,000 to \$70,000	As arranged	As arranged	Not Applicable
Initial Digital Site Advertising (Note 14)	\$9,000	As arranged	As arranged	Various
Total (Note 15)	\$284,300 to \$541,500			

Notes to Item 7 tables:

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the initial franchise fee is partially refundable in certain circumstances (see Item 5). We do not finance any portion of your initial investment.

Note 1. The totals in each of the tables above set out the estimated initial investment for a New Clinic and a Conversion Clinic. The above figures do not take into account any possibility of reduced costs. We strongly encourage you to consult your own tax and accounting professionals and advisors to determine the correct treatment of taxes and expenses.

Note 2. The initial franchise fee and certain expenses are discussed in detail in Item 5. Except as detailed in Item 5, the initial franchise fee is non-refundable.

Note 3. If you do not own a location for your Franchised Business, you must purchase or lease a space. You will probably need to lease a space at least four months in advance; however, you may attempt to negotiate an abatement from the landlord. The expenses represented in the table reflect businesses that are within the preferred target range of 1,400 to 2,400 square feet.

The figures in Table 1 for a Conversion Clinic are calculated on the following assumptions: (a) you are already leasing a premises with the same internal layout of a ScoliCare Clinic; (b) you will have to pay rent (estimated two months) while refurbishing the premises suitable for a ScoliCare Clinic before you open, and no additional security deposit is needed as this is already in place); (c) for 1,400 to 2,400 sq. ft. of space; (d) at \$14 to \$28 per square foot, per year. If the site at which you operate the existing business is larger, has a higher rental cost, or if you have to pay for more months' rent in the pre-opening period, then your costs will be higher than those in the table.

The figures in Table 2 for a New Clinic are calculated on the following assumptions: (a) you will have to pay six months' rent (made up of one month's rent after you open, two months' rent before

you open, and three month's rent as a security deposit); (b) for 1,400 to 2,400 sq. ft. of space; (c) at \$14 to \$28 per square foot, per year. If the site you choose is larger, has a higher rental cost, or if you have to pay for more months' rent in the pre-opening period, then your costs will be higher than those in the table.

Rental rates vary considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions and competition in the relevant area, the type and nature of improvements needed to the premises, the size of the Franchised Business, the terms of the lease, and the desirability of the location. If you decide to purchase the property for the location of your Franchised Business, you will incur additional costs that we cannot estimate.

Note 4. We will provide you, at no charge, with prototype design and image specifications for a ScoliCare Clinic. You must adapt, at your expense, the layout we provide, subject to our approval. You will need to construct improvements, or "build out" the premises at which you will operate the Franchised Business. Occasionally, for a New Clinic, you will take the premises in "vanilla box" condition (e.g., primed drywall ready to be painted, but without improvements). Among other things, you will need to arrange for proper wiring and plumbing, floor covering, wall covering, partitions, heat, air conditioning, lighting, painting, bathroom facilities, signage and the like. For a Conversion Clinic, you will need to arrange all design and approvals, layout modifications, painting, brand treatments, signage and the like for the partitions, flooring and lighting, among other things, that is the same layout as for a ScoliCare Clinic. You will need to hire a licensed architect and a licensed builder. Costs are likely to vary, and may be much higher, if you wish to establish your Franchised Business in an area where special requirements of any kind (for example, historical, architectural, or preservation requirements) will apply.

Note 5. We require franchisees to purchase or lease equipment needed to operate the Franchised Business, including consulting beds, tables, chairs, workshops tools, exercise equipment, desks, chairs, computers, and other things. You will need to obtain the exact equipment we specify and in some cases from the vendor we specify. The amount spent for equipment will vary for each ScoliCare Clinic depending upon the Clinic's size, style, and local zoning requirements.

Note 6. For a Franchised Business, you must spend this amount on opening advertising. You may spend additional amounts with our approval. The vehicle you use in connection with the Franchised Business must be professionally wrapped to meet our specifications, and the amount in the Charts includes the cost of vehicle wrapping.

Note 7. This figure includes the cost for transportation, meals and other expenses associated with pre-opening training and travel to initial management training for two individuals. In addition, we may require that you or your personnel attend and successfully complete additional training and re-training sessions that we may periodically offer and you shall pay us our then current fees for the training. You must pay all travel, living and other expenses in connection with the training programs, including wages and any training fees, in advance of the training.

Note 8. All items of inventory which you obtain from sources of your own choosing are paid for directly to the supplier of those inventory items at prices agreed upon by you and the supplier. Start-up supplies and inventory of products will vary based on expected volume of business and size of storage areas in the building.

Note 9. You may be required to pay certain deposits for the utilities (gas, electric, water/sewer, internet, etc.) for the Clinic, however Table 1 presumes these deposits are already in place.

Note 10. The estimate is for legal, accounting, administrative, traffic studies, demographic studies, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, lease negotiations, and the permitting process in your city. The hourly rates for advisors, accountants, and legal professionals will also vary.

Note 11. You will need to obtain the insurance coverage as may be reasonably required by us or your landlord. This amount represents the estimate for the insurance premium. Item 8 of this Disclosure Document and the Franchise Agreement specifies the required amounts necessary for your Franchised Business.

Note 12. Medical equipment includes an x-ray machine. This figure in Table 1 presumes that a Conversion Clinic already has an x-ray machine.

Note 13. You will need capital to support on-going expenses, such as payroll, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period.

Note 14. You must spend no less than \$9,000 on Digital Advertising to promote the Franchised Business during the six month period following the date the Franchised Business begins operations.

Note 15. We relied on our affiliates' own experience and information by operating Scolicare Clinics in Australia when preparing these figures. While the "low amount" total represents the sum of the lowest estimated initial investment expenditures for each category in the table, and the "high amount" total represents the sum of the highest estimated initial investment expenditures for each category in the table, we expect that your overall expenditures will fall somewhere between the low amount and high amount range, as it is not common for each of a franchisee's initial investment expenditures to match the lowest expected for each category, nor the highest for each category (for example, while rent costs may be close to the estimated low amount, construction costs may be close to the estimated high amount). These are only estimates, however, and there are numerous ways in which your costs may be higher or lower depending on the choices you make in connection with the development of your Franchised Business. You should review these estimates on your own, preferably with a business advisor of your own choosing.

* * *

We do not offer direct or indirect financing to franchisees for any items. These estimates do not include the cost to you of any financing that may be required to establish your franchise.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

To insure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Brand Manual or otherwise in writing.

At all times during the term of the Franchise Agreement, you must:

- sell or offer for sale only those Products, authorized services and items using the standards and techniques that we have approved in writing for you to offer and use at your Franchised Business;
- sell or offer for sale all Products, authorized services and items using the standards and techniques that we specify in writing;
- not deviate from our standards and specifications; and
- stop using and offering for use any Products or services that we at any time disapprove in writing (recognizing that we have the right to do so at any time).

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

You must buy all products, equipment, furniture, supplies, materials (such as packaging), and other products used or offered for sale at the Franchised Business only from suppliers (including manufacturers, distributors, and other sources) that we have approved in writing (and see below regarding restrictions for Proprietary Items). When considering whether to approve any particular possible supplier, we will consider (among others) the following factors: whether the supplier can show, to our reasonable satisfaction, the ability to meet our then-current standards and specifications; whether the supplier has adequate quality controls and capacity to supply the System's needs promptly and reliably; and whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. We will make our criteria available to you upon request. You may not buy items from any supplier that we have not yet approved in writing, and you must stop buying items from any supplier who we approve, but later disapprove. As explained above, we have the right to designate only one supplier for certain items (which supplier may be us or one of our affiliates). We (or our affiliates) may derive revenue from your purchases of products or other items.

Certain Products that you offer at your Franchised Business are produced according to our proprietary standards and specifications (and/or those of our affiliates) (our "**Proprietary Items**"). In order to maintain the high standards of quality and uniformity associated with Proprietary Items, and other products bearing the Proprietary Marks, you must purchase those Proprietary Items and products, as well as any packaging bearing the Proprietary Marks (and any other products we may now or in the future designate), only from us, our affiliates, and/or our approved suppliers, and not offer or sell any other such products at or from your Franchised Business.

If you want to buy any products (other than the Proprietary Items), or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable time and cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria.

We estimate that we will be able to notify you of our approval or disapproval of a proposed new supplier within 30 business days after receipt of your written request and any additional information that we may request about the proposed supplier, although the Franchise Agreement does not specify how long our evaluation process may take. This is only an estimate and the actual approval time may be shorter or longer than 30 days.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items.

We estimate that your purchases of the products from approved or designated suppliers will be approximately 15% to 35% of your initial investment and approximately 30% of your ongoing operations.

You must allow us or our agents, at any reasonable time, to inspect products and equipment and to remove samples of items or products, without payment, in amounts reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

Required Purchases from Us

Franchisees must purchase scoliosis braces and rolls, brace accessories, and certain software from us or our affiliate. In the last fiscal year, our affiliate SPL received \$715,459 in revenues from franchisee purchases of products, which represented 12.55% of SPL's total revenues of \$5,702,840. The dollar amounts in this paragraph were converted from Australian Dollars to U.S. Dollars at a rate of AUD\$1.00 = USD\$0.65.

Jeb McAviney, our Chief Executive Officer, and Michelle McAviney, our Chief Innovation Officer, own an interest in our affiliate, SPL, which as noted above in Item 1 sells scoliosis braces (ScoliBrace) and other specialized stock, consumables and uniforms to franchisees for use in the operation of ScoliCare Clinics. Otherwise, there are no approved suppliers in which any of our

officers owns an interest. We do not provide material benefits to you based upon your use of designated or approved sources or your purchase of particular products or services.

Purchasing or Distribution Cooperatives and Purchase Arrangements

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the ScoliCare Clinics in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the franchised network of ScoliCare Clinics.

Currently, there are no purchasing or distribution cooperatives in existence. There are no negotiated purchase arrangements in effect at this time.

Supplier Allowances

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, “**Allowances**”) offered by suppliers to you or to us (or our affiliates) based upon your purchases of products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of products, equipment and other items. The amount of Allowances varies from supplier to supplier. While the percentage of the commission or royalty will be a range, the exact percentage depends on the volume of purchases and which products are purchased. During our last fiscal year we did not receive any Allowances.

Computer System

You must purchase and install computer hardware as we may periodically specify. You must also use such computer software programs in the operation of your Business that we may specify, including our customized relationship management software, which is available only from our affiliate or designated supplier. We may require you to sign a software license agreement in connection with your use of designated software.

Insurance

Under the Franchise Agreement, you must obtain and maintain at least the following insurance coverages:

- comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, tenant’s liability and medical payments with a combined bodily injury and property damage limit of at least \$2,000,000 in the aggregate and \$1,000,000 per occurrence;
- Automobile liability insurance covering all licensed vehicles owned or operated by or on behalf of you, with limits of liability not less than \$1,000,000;
- Statutory workers’ compensation insurance and employer’s liability insurance with a minimum limit equal to at least \$1,000,000;

- Data theft and cybersecurity coverage with limits of liability not less than \$1,000,000 combined single limit to cover all first and third party cyber claims, including ransomware, and social engineering for \$100,000;
- Employment practices liability insurance limits of at least \$500,000 to cover any wrongful employment acts, third-party liability for discrimination and harassment, including wage and hour defense for at least \$100,000 and including us as a co-defendant;
- Commercial umbrella liability insurance (subject to Section 15.2 below) with limits of at least \$2,000,000;
- Property insurance to cover 100% of the replacement cost of all build-out, furniture, fixtures, equipment and inventory used in the Franchised Business;
- Business income and extra expense insurance to cover actual loss sustained for 12 months (unless not commercially available in which case coverage for at least 50% of your annual Gross Sales);
- Professional liability insurance with limits of at least \$3,000,000 in the aggregate to cover any wrongful act or malpractice claim brought against you and/or us as a result of your professional services in connection with the Franchised Business; and
- any other insurance coverage that is required by federal, state, or municipal law.

Each insurance policy required under the Franchise Agreement must be primary and noncontributory and must be issued by an issuer we approve, who must have a rating of at least "A-" (VII) in the most recent *Key Rating Guide* published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and must be licensed to do business in the state in which the Franchised Business is located. All liability and property damage policies must name us as additional insureds and must provide that each policy cannot be cancelled unless we are given thirty days' prior written notice.

We may periodically increase required coverage limits or require additional or different coverage to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect. The requirements specified in the Franchise Agreement are only minimums and you are encouraged to review whether additional coverage may be appropriate in your market and for your business.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement	Item In Disclosure Document
A. Site selection and acquisition/lease	§ 1, 3.2, 5.2, Site Selection Addendum	Items 11 and 12
B. Pre-opening purchases/leases	§ 5	Items 7 and 8
C. Site development and other pre-opening requirements	§§ 3.2, 3.3, 3.8, 5	Items 6, 7 and 11
D. Initial and ongoing training	§§ 2.2.8, 3.1, 6, and 16.5.8	Items 6 and 11
E. Opening	§ 3.4, 3.8, 5.1 and 8.2	Item 11
F. Fees	§§ 2.2.6, 4, 13.1, 14.1.7, and 16.5.9	Items 5, 6 and 7
G. Compliance with standards and policies/operating manual	§§ 3.3, 5, 8, and 10	Item 8
H. Trademarks and proprietary information	§§ 1.1 and 9	Items 13 and 14
I. Restriction on products/services offered	§§ 1.5, 7.1, 7.2, and 8.4	Item 8 and 16
J. Warranty and customer service requirements	§ 8.3	Not applicable
K. Territorial development and sales quotas	§§ 1.3, 1.5 and 1.6	Item 12
L. Ongoing product service purchases	§ 7	Items 8 and 11
M. Maintenance, appearance, and remodeling requirements	§§ 2.2.2, 5, 8.7, 8.8, 16.5.5	Items 6 and 17
N. Insurance	§ 15	Items 7 and 8
O. Advertising	§ 13	Items 6 and 11
P. Indemnification	§ 21.4 and Exhibit B	Item 6

Obligation	Section in Franchise Agreement	Item In Disclosure Document
Q. Owners participation / management / staffing	§§ 8.3, 8.10, and 19.1	Item 15
R. Records and reports	§§ 4.2 and 12	Items 9 and 11
S. Inspections and audits	§§ 3.8, 7.1.4, 8.4.3, 8.11, and 12	Item 6, 11 and 13
T. Transfer	§§ 8.10 and 16	Items 9 and 17
U. Renewal	§ 2.2	Item 17
V. Post-termination obligations	§ 18	Item 17
W. Non-compete agreements	§ 19	Item 17
X. Dispute resolution	§ 27	Item 17
Y. Taxes/permits	§§ 8.7 and 20	Item 1
Z. Other (personal guarantee)	Exhibit B	Not applicable

ITEM 10 FINANCING

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

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

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

Pre-Opening Obligations:

Before you open your Franchised Business under the Franchise Agreement:

- (1) We will provide to you (or to your Operating Owner (defined below)), as well as your Certified Manager and Additional Trained Personnel (defined below), our standard initial training program at our headquarters or another location that we designate. We will make this training available for up to four individuals. You may send more, but at your own expense. (Training is also discussed below in this Item 11 under the subheading "Training.") *Franchise Agreement, Sections 3.1, 6.2.*
- (2) We will make available to, at no additional charge, our standard layout, design, image and experience specifications for a Clinic based on the format you have chosen to develop and operate, including the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. We will also provide certain site selection and lease review assistance. *Franchise Agreement, Sections 3.3 and 5.3.*

- (3) We may evaluate the Franchised Business before it first opens for business. You agree not to open the Franchised Business to patients or otherwise start operation until you have received our prior written approval to do so. *Franchise Agreement, Section 3.8.*
- (4) We will provide a representative to be present at the opening of the Franchised Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable. *Franchise Agreement, Section 3.4.*
- (5) We will assist you in developing the Grand Opening Marketing Program (defined in Item 11 below). *Franchise Agreement, Section 3.6.*
- (6) We will lend you, for the duration of the Franchise Agreement, one copy of the Brand Manual (which is more fully described in Item 14 below). *Franchise Agreement, Section 3.5.* There are 270 pages in the Brand Manual. The Table of Contents of the current Brand Manual is attached as Exhibit G to this FDD.

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Post-Opening Obligations:

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

- (1) We may conduct additional training programs if we think your Franchised Business will benefit from that. *Franchise Agreement, Section 6.4.*
- (2) We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. *Franchise Agreement, Section 3.9.*
- (3) We will review and have the right to approve or disapprove all marketing materials that you propose to use. *Franchise Agreement, Section 3.6.*
- (4) We will administer the Marketing Fund. *Franchise Agreement, Section 3.7.*

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Franchised Business.

Site Selection

When you enter into the Franchise Agreement, if you do not have an Accepted Site for the Franchised Business, you must sign the “**Site Selection Addendum**” attached to the Franchise Agreement as Exhibit G. You may have obtained an Accepted Site and a lease for the Accepted Site before entering into the Franchise Agreement; if not, then you must enter into the Site Selection Addendum. Under the terms of the Site Selection Addendum, you will have 90 days (the “**Search Period**”) within which to lease, sublease or acquire a site for the Franchised Business, subject to our approval according to our site selection guidelines.

Under the Site Selection Addendum, we will grant you an area within which you may search for an Accepted Site (the “**Site Selection Area**”). The Site Selection Area is granted only

for the purpose of selecting an Accepted Site for the Franchised Business. We will not establish, nor franchise another to establish, a ScoliCare Clinic operating under the System within the Site Selection Area until we approve of an Accepted Site for the Franchised Business, or until the search period in the Site Selection Addendum expires, whichever happens first. We will also furnish site selection guidelines to you, including our minimum standards for a location for the Franchised Business, and such site selection counseling and assistance as we may deem advisable.

You must submit to us, in the form we specify, a copy of the site plan and such other materials or information that we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed site for the Accepted Site of the Franchised Business. If we do not approve a proposed site by written notice to you within this 30-day period, the site will be deemed disapproved.

We will provide you with one site visit, at the location noted in your site plan, at our expense. If you request additional site visits from us, then we will provide such additional site visits at your expense, and you must pay all costs and expenses our representatives incur (including travel, lodging, meals and wages) in connection with conducting such site visits. We will not provide on-site evaluation for any proposed site before we have received from you a completed site approval form for the site as noted above.

When considering a site for a ScoliCare Clinic, we consider factors such as general location and neighborhood; demographics; proximity to medical or commercial/retail businesses; transportation options; size and ease of access to the proposed site; parking; availability of utilities; and zoning and regulatory considerations. We do not typically own the premises for franchised ScoliCare Clinics and lease those out to franchisees.

If you fail to acquire or lease a site for the Franchised Business under the Site Selection Addendum within 180 days, that will constitute a default under the Franchise Agreement and we will have the right to terminate the Franchise Agreement.

Once authorized, the site for the Franchised Business will be the “**Accepted Location.**” After we have accepted the site for the Franchised Business (but before the expiration of the Search Period), you must execute a lease which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease of the “Lease Rider,” attached to the Franchise Agreement as Exhibit H. We are not responsible for review of the lease for any terms other than those contained in the Lease Rider.

Opening the Franchised Business

We estimate that the time period between beginning to find a site for the Accepted Location and the start of operations at the Franchised Business will be approximately 10 to 12 weeks. The factors which may affect this time period include your ability to locate a site, negotiate a lease, secure financing, obtain necessary permits and licenses, construct or build-out facilities for the Franchised Business, weather conditions, construction delays, and obtain furniture, fixtures, equipment and supplies. You must open the Location not later than 180 days after the date you sign the Franchise Agreement; and if you do not do so, we will have the right to terminate the Franchise Agreement immediately upon notice to you.

Training

Before you open the Franchised Business, you (or your Operating Owner) and, if applicable, one individual with full-time responsibility for the daily supervision and operation of the Franchised Business (a “**Certified Manager**”) (your Operating Owner and Certified Manager can be the same individual) must participate in and successfully complete, to our satisfaction, the initial training program we offer. We offer the initial training program our headquarters, online, or another location that we specify. (Your Certified Manager will train your subsequently hired general managers and assistant managers.) You may send up to four individuals to the initial training program. If you ask to send more than four individuals (including the Operating Owner, Certified Manager, and Additional Trained Personnel (defined below), then you must pay us a training fee (the amounts are described in Item 6).

The term “**Additional Trained Personnel**” means Clinic personnel, in addition to the Operating Owner and Certified Manager, such as physical therapists and other clinicians, who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such person will perform in operating the Franchised Business.

We alone have the right to judge whether a person has successfully completed training. If you or your personnel fail to complete initial training to our satisfaction, you or they may repeat the course(s) or may send a substitute to the next available scheduled training session; however, we will have no obligation to extend the opening deadline for the Franchised Business for this purpose, and we reserve the right to terminate the Franchise Agreement if your Operating Owner and any other required personnel are, in our opinion, unable to successfully complete training. We have the right to charge you a training fee for repeated initial training.

Additionally, you may ask us to provide on-site training in addition to what we will provide to you in connection with the initial training program or the opening of the Franchised Business. If we are able to do so, then you must pay then-current per diem training fee as well as our out-of-pocket expenses. Additionally, if you do not pass one or more mystery shopper visits and/or inspections, then we have the right to determine that you are not operating your Clinic in accordance with our brand standards, and we may place you in default of the Franchise Agreement and/or require you and/or your employees to complete additional training at the Franchised Business or a location that we designate, at your expense, which will include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business or elsewhere.

If any of you (or the Operating Owner) or other Additional Trained Personnel cease active management or employment at the Franchised Business, then you must train a qualified replacement (who must be reasonably acceptable to us) not more than 30 days after the end of the former person’s full-time employment or management responsibilities. The replacement must successfully complete the initial training program, to our reasonable satisfaction, as soon as it is practical to do so.

We may require that any or all of the Additional Trained Personnel attend refresher courses, seminars, and other training programs periodically (both online and in-person).

We will bear the cost of all training (instruction and required materials) (except for additional and replacement training, as noted above and in Item 6). You will bear all other

expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

The subjects covered in the initial training program are described below.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
Reception Onboarding US	8	0	Online Course
Clinic Operations Induction	2	0	Video Conference
Clinic Operations - Post online-training	2	0	Video Conference
Clinician Onboarding Training - Train the Trainer	1	0	Video Conference
Scoliosis Rehabilitation Therapist Training - Train the Trainer	1	0	Video Conference
Clinician Onboarding Training (ScoliBrace Provider)	15	0	Online Course
Clinician Case Study Based Training	5	0	Online Course
Essentials of Scoliosis Management	8	0	Online Course
Essentials of Scoliosis Bracing	5	0	Online Course
ScoliBalance Level 1 Online	8	0	Online Course
ScoliBalance Level 1 - Face-to-Face	0	20	Course Location
ScoliBalance Level 2 - Online	8	0	Online Course
ScoliBalance Level 2 - Face-to-Face	0	18	Course Location
Scoliosis Rehabilitation Therapist Onboarding	8	0	Online Course
Marketing and Business Development Training	4	0	Online Course
Introductory Marketing Workshop	1	0	Video Conference
Scoliosis Rehabilitation Therapist Training	2	0	Video Conference
Reception Onboarding Training	1	0	Video Conference
Business Operations Setup/Resources Introduction	1	0	Video Conference
Xero Navigation	1	0	Video Conference

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
Clinician Onboarding Training	3	0	Video Conference
Introductions and orientation to clinic	0	0.5	Onsite
ScoliCare Franchise and Company Introductions	0	0.5	Onsite
Team Cohesion and Communication	0	1	Onsite
Clinic Operations (Reception/Role Plays/Scenarios)	0	1	Onsite
Clinical Expertise - Patient/Case Prescription and Management	0	1.5	Onsite
Cont. Clinical Expertise - Patient/Case Prescription and Management	0	1.5	Onsite
Clinic Operations (SalesForce and procedures)	0	1	Onsite
Clinic Operations (SalesForce and procedures) including Cheat Sheets and Reception assessment	0	1.5	Onsite
Clinic Operations (Cliniko templates)	0	1.5	Onsite
Clinic Operations (SalesForce and procedures)	0	1.5	Onsite
Clinic Operations (SalesForce and procedures)	0	1.5	Onsite
Intensives and Clinic Operations	0	1	Onsite
Marketing	0	5.5	Onsite
ScoliBalance Case Studies	0	1	Onsite
Prep for patients	0	0.5	Onsite
ScoliBalance - Volunteer patient to be scheduled by Franchisee	0	1.5	Onsite
Review (without patient) and prep for patients	0	0.5	Onsite
ScoliBalance - Volunteer patient to be scheduled by Franchisee	0	1	Onsite
Review (without patient) and prep for patient	0	1	Onsite

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
ScoliBalance - Volunteer patient to be scheduled by Franchisee	0	1	Onsite
ScoliBalance Case Studies	0	1	Onsite
Prep for patients	0	0.5	Onsite
ScoliBalance - Volunteer patient to be scheduled by Franchisee	0	1.5	Onsite
Review (without patient) and prep for patients	0	0.5	Onsite
ScoliBalance - Volunteer patient to be scheduled by Franchisee	0	1	Onsite
Review (without patient) and prep for patient	0	1	Onsite
ScoliBalance - Volunteer patient to be scheduled by Franchisee	0	1	Onsite
Clinical Expertise	0	1.5	Onsite
Preparing for Opening - remaining tasks, support, and checks.	0	1	Onsite
Identifying any required further training	0	1.5	Onsite
Clinical Expertise	0	6	Onsite
Clinic Operations	0	1.5	Onsite
Prep for opening, wrap up, where to from here	0	1.5	Onsite
	84	83.5	
TOTAL HOURS	167.5		

The training materials we use in the initial training program include our Brand Manual, presentations, spreadsheets, assessment tools, management templates, any other information that we believe will be beneficial to our franchisees in the training process. Training is conducted as frequently as we determine it necessary in order to hold a training class.

Training will be performed by or under the supervision of Jeb McAviney, our Chief Executive Officer, who has over 20 years of experience with the subjects taught and 14 years of experience with us and our affiliates. We may use additional instructors who have been reviewed and qualified by Mr. McAviney or our management team. Each of these additional training instructors will have at least three years of experience with us and our affiliates and in the subjects being taught.

You must attend the conventions and meetings that we may periodically require, and you must pay a reasonable fee (if we charge a fee) for each person who is required to attend (and, if applicable, additional attendees that you choose to send as well). You will also be responsible for

all of the other costs of attendance, including travel, room and board, and your employees' wages, benefits and other expenses

Marketing

As described in Item 6 above, throughout the term of the Franchise Agreement, you will be required to make a monthly contribution to the Marketing Fund or a Regional Fund (if we establish one) of 4.5% of Gross Sales, and to spend certain amounts on local marketing and promotion.

We have not formed an advertising council or other advisory body composed of franchisees to assist us on marketing policies, but we reserve the right to do so in the future. As described below, we are not required to spend any particular amount on marketing in the area where your Franchised Business is located.

The Marketing Fund

We have the sole right to determine how the Marketing Fund creates, places, and pays for marketing. We (or our designee, which might be a corporate subsidiary or a marketing agency) will maintain and administer the Marketing Fund, as follows:

- (a) We or our designee will direct all marketing programs, with sole discretion over the concepts, materials, and media used in these programs and the placement and allocation of the programs. The source for marketing materials used by the Marketing Fund may be both in-house and regional or national advertising agencies. The Marketing Fund is intended to maximize general public recognition (building the *ScoliCare* brand), acceptance, and use of the System. Neither we nor our designee are obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.
- (b) The Marketing Fund, including all contributions to the fund and all amounts that it earns, will be used exclusively to meet the costs of maintaining, administering, staffing, directing, conducting, and preparing advertising, marketing, public relations and promotional programs and materials. The Marketing Fund will also be used for other activities that we believe will enhance the System's image. This includes, among other things: the costs of preparing and conducting media advertising campaigns on radio, television, cable, and other media; direct mail advertising; developing and implementing website, social networking/media, search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing marketing personnel (including salaries for personnel directly engaged in consumer-oriented marketing functions), advertising and/or public relations agencies to assist therein; purchasing and distributing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; engaging individuals as spokespersons and celebrity endorsers; purchasing creative content for local sales materials; reviewing locally-produced ads; preparing, purchasing and distributing door hangers, free-standing inserts, coupons, brochures, and trademarked apparel; market research; conducting sponsorships, sweepstakes and competitions; engaging mystery shoppers for ScoliCare Clinics and their competitors; paying association dues (including the International Franchise Association), establishing third-party facilities for customizing

local advertising; purchasing and installing signage; and providing promotional and other marketing materials and services to the ScoliCare Clinics operated under the System), as well as making loans (at reasonable interest rates); and providing rebates or reimbursements to franchisees for local expenditures on products, services, or improvements that we have approved in advance. The Marketing Fund may take out and pay interest on loans for marketing purposes.

- (c) The Marketing Fund, all contributions, and any earnings, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System.
- (d) You must make your contributions to the Marketing Fund by electronic funds transfer using the Automated Clearing House (ACH) Network in the same manner as you must pay Royalty Fees. All sums you pay to the Marketing Fund will be accounted for as a separate fund, however we are not obligated to keep the funds in a separate bank account. The Marketing Fund will not be used to defray any of our expenses, except for the reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Marketing Fund and marketing programs for you and the System (for example, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs). The Marketing Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises. We or our designee will maintain separate bookkeeping accounts for the Marketing Fund. We do not currently prepare an annual audited financial statement for the Marketing Fund, but we may do so in the future.
- (e) The Marketing Fund is not and will not be our asset.
- (f) Although the Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been expended for marketing purposes. If amounts are unspent in the Marketing Fund at fiscal year-end, those amounts will be carried over by the Fund for expenditure in the following year(s).
- (g) The Marketing Fund is not audited. A statement of the Marketing Fund's operations, as shown on our books will be prepared each fiscal year and a record of revenue and expenditures for any given year will be made available 120 days after each year end upon written request.

Our current policy is that company-owned ScoliCare Clinics will contribute to the Marketing Fund at the same rate as franchisee-owned ScoliCare Clinics. If we elect to have any of our ScoliCare Clinics contribute to the Marketing Fund, we will have the same rights for our contributing ScoliCare Clinics as our franchisees have for their ScoliCare Clinics. We reserve the right to change our policy at any time.

None of the amounts collected or held by the Marketing Fund may be used for marketing that is principally a solicitation for the sale of franchises. We may receive payment for providing goods and services to the Marketing Fund, such as personnel, staff, office space, supplies, and other general and administrative costs that we incur on the Marketing Fund's behalf.

During the fiscal year ended June 30, 2025, expenditures of the Marketing Fund were as follows:

51%	Online advertising
1%	Offline advertising
39%	Search Engine Optimization (SEO)
1%	Public Relations
4%	Website, Design and Development
4%	Unspent
100%	

Regional Fund

We currently do not have any Regional Funds; however, we will have the right, as we see fit, to establish a Regional Fund for your geographic area. The purpose of a Regional Fund is to conduct marketing campaigns for the ScoliCare Clinics located in that region.

If a Regional Fund for your area was established before you began to operate your Franchised Business, then when you open your Franchised Business, you must immediately join that Regional Fund. If a Regional Fund for your area is established after you begin to operate your Franchised Business, then you will have thirty days to join the new Regional Fund. You will not be required to join more than one Regional Fund. The following provisions will apply to each Regional Fund (if and when established):

- (a) We have the right to administer a Regional Fund, and Regional Funds will be established, organized, and governed in the form and manner that we have approved in advance. Governing documents for a Regional Fund, if any, will be made available for your review.
- (b) Regional Funds will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized marketing materials for use by the members in regional marketing. If we operate any company-owned ScoliCare Clinics within the area assigned to a Regional Fund, our current policy is for those ScoliCare Clinics to participate in and contribute to the Regional Fund. We reserve the right to change our policy at any time.
- (c) Regional Funds may not use marketing, advertising, promotional plans, or materials without our prior written approval, as described below.
- (d) We have the right to allocation a portion or all of the Marketing Contribution to a Regional Fund. You must submit your contributions to the Regional Fund by electronic funds transfer using the Automated Clearing House (ACH) Network in the same manner as you must pay Royalty Fees. At the same time, you will have to submit the reports that we or the Regional Fund require.
- (e) You are not required to contribute more than what is allocated from the Marketing Contribution to a Regional Fund. However, a majority of the ScoliCare Clinic owners in any Regional Fund may vote to increase the amount of each business owners' contribution by up to an additional 2% of each business' Gross Sales. Voting will be on the basis of one vote per ScoliCare Clinic.

- (f) Although, if established, a Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing purposes.
- (g) We have the right to change or merge any Regional Funds.

Grand Opening Marketing Program. In addition to the marketing contribution, you must spend at least \$5,000 for grand opening marketing and promotional programs in conjunction with the Franchised Business's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program must begin at least 30 days before the commencement of operations at the Franchised Business and be completed no later than 45 days after the Franchised Business begins operations.

Local Advertising and Promotion

You must make expenditures on local marketing and promotion of the Business in such amounts as we may designate as part of the allocation of the Marketing Contribution. In addition, we have the right, but not the obligation, to require you to implement at your Franchised Business and at your cost, recommended local area and digital marketing strategies (including the use of third party suppliers that we designate) to implement and manage social and digital media advertising programs, or other marketing activities, as we may direct. Certain criteria will apply to any local advertising and promotional activities that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If we do not give our response (whether approval or disapproval) to the proposed plans or materials within fourteen days, we will have been deemed to disapprove the plans or materials.

All copyrights in and to marketing and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your staff to sign the documents) that we deem necessary to implement this provision.

In addition to the plans and promotions that we otherwise provide to you under the Franchise Agreement, we will periodically make available to you, for purchase, certain marketing plans and promotional materials for your use in local advertising and promotion.

As used in the Franchise Agreement, the term "**local advertising and promotion**" refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready marketing and point of sale materials), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of marketing and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Advertising and promotion" does not, however, include any of the following:

- (a) Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities;

- (b) Charitable, political or other contributions or donations; and
- (c) The value of discounts provided to patients.

Digital Sites (as defined below) are considered as “marketing” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “**Digital Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, YouTube, Snapchat, Pinterest, Instagram, TikTok, Stitcher, etc.), blogs, vlogs, podcasts, applications to be used on computers and other mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). In connection with any Digital Site, the Franchise Agreement provides that you may not establish a Digital Site, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, without our prior written approval. As a condition to granting consent, we will have the right to establish any requirement that we deem appropriate, including for example a requirement that your only presence on the Internet will be through one or more webpages that we establish on our website.

Initial Digital Site Advertising.

In addition to the Marketing Contribution and the Grand Opening Marketing Program, you must spend at least \$9,000 on digital advertising for the Franchised Business, to be conducted during the six month period following the date the Franchised Business begins operations. These amounts must be spent directly on Digital Site advertising efforts geographically targeted to the Franchised Business, and that we approve.

Computer Requirements

We require our franchisees to purchase a computer system. You must meet our requirements concerning the computer system, including: (a) back office systems; (b) systems to store data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Clinics, between or among Clinics, and between or among the Franchised Business, and you, and us; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; (f) technology used to enhance and evaluate the patient experience; (g) front-of-the-house WiFi and other connectivity service for patients and patients; and (h) internet access mode (e.g., form of telecommunications connection) and speed (collectively, all of the above are referred to as the “**Computer System**”). You may not install any non-business or unapproved software, hardware, or firmware on your Computer System.

We have the right to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“**Required Software**”), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System.

The minimum configuration and specifications for your Computer System will be included in the Brand Manual and you will be provided those details during your new franchisee orientation process. You must have, at a minimum, Microsoft Office 2016 or newer that has the following components: Microsoft Word, Microsoft Excel, and Microsoft Outlook. The approximate cost of

the computer hardware and software can range from \$3,500 to \$6,500. Your hardware may be purchased from the vendor of your choice.

We will have independent access to all data on the Computer System and all data on that system (including customer information and transaction data) is our exclusive property. There are no contractual limitations on our right to access the information and data that you maintain in connection with the Franchised Business.

You must maintain a high speed internet connection.

We recommend, but do not require, that you maintain an on-site maintenance service contract for your computer system. We may require you to upgrade and/or update your computer system. The frequency could be annually or bi-annually, and they would be at your cost. There are no contractual limitations on our ability to require you to upgrade/update your computer, but we will not require upgrades and/or updates that are unreasonable. We estimate that the annual cost of maintaining the Computer System will be approximately \$1,200.

ITEM 12 TERRITORY

Under the Franchise Agreement, you are authorized to operate a ScoliCare Clinic from a specified location, which we must approve. During the term of the Franchise Agreement, we will not establish, nor license any other person to establish, another ScoliCare Clinic within the geographic area that is granted to you under the Franchise Agreement (the “**Protected Territory**”). The size of each Protected Territory will vary based on the location of the Franchised Business and the population density and demographics, but a Protected Territory will typically be an area with a minimum population of 700,000 residents (as determined by the most recent U.S. Census data).

We reserve all other rights, as noted below. As a result, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will not receive the right to acquire additional franchises in your area.

Accordingly, we will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- Establish, and franchise others to establish, ScoliCare Clinics anywhere outside the Protected Territory;
- Establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks, even if those businesses also offer or sell products and services that are the same as or similar to those offered from the Franchised Business, no matter where those businesses are located;
- Acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a ScoliCare Clinic under the Proprietary Marks inside the Protected Territory);

- Market and sell our Products and services other than from a ScoliCare Clinic, anywhere (but not from a ScoliCare Clinic operating under the Proprietary Marks inside the Protected Territory); and
- Sell Products and services through any method that is not a physical ScoliCare Clinic (including alternative distribution channels such as e commerce), anywhere.

As noted above, will have the right to sell and distribute products and services by any method or channel of distribution other than through a ScoliCare Clinic located in your Protected Territory (including for example through the Internet or mail order). We will not compensate you for sales we may make in these alternative distribution channels.

You will maintain your non-exclusive rights to your Protected Territory even if the population of the Territory increases. Except for the Minimum Conversion requirement noted below, there is no minimum sales quota, provided that you are able to generate sufficient Gross Sales to meet the Minimum Royalty Fee and other fees due (see Item 6). You will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Territory or elsewhere.

During the term of the Franchise Agreement you must fit no less than 45% of all scoliosis patients of the Franchised Business with our proprietary scoliosis corrective brace products (the "**Minimum Conversion**"). The rate at which you fit patients with our proprietary scoliosis corrective brace products will be measured on a quarterly basis. If you fail to meet the Minimum Conversion for four consecutive quarters, we will have the right to terminate the Franchise Agreement.

If you ask to relocate the Franchised Business, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed location of a retail ScoliCare Clinic for a new franchisee, as detailed in Item 11 above.

You may offer, advertise, and market the Products and services of the Franchised Business, and directly solicit patients, inside (but only inside) your Protected Territory, except as otherwise noted below. The terms "direct solicitation" and "directly solicit" include, but are not limited to, solicitation in person, by telephone, by mail, by e-mail or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials.

You may not directly solicit patients located outside of the Protected Territory unless you receive our prior written consent to do so. We will review and we have the right to approve or deny each such request on a case-by-case basis. We also reserve the right at any time to withdraw any consent previously provided.

If we grant our consent for you to directly solicit patients outside of your Protected Territory, you may only perform such direct solicitation, and accept patients from or offer Services and products from the Franchised Business, outside of the Protected Territory if you do so in compliance with our requirements (including the conditions if any that we place on your solicitation of patients outside the Protected Territory).

If any of your advertising within the Protected Territory is in media that will or may reach a significant number of persons outside of the Protected Territory, you must notify us and obtain our prior written consent. We may periodically establish rules and policies in the Brand Manual and otherwise in writing regarding such advertising, including, as an example, that such

advertising include the contact information for all of the ScoliCare Clinics that are affected by the advertising.

Except for the ScoliCare Clinics operated by us or our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned ScoliCare Clinic which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

ITEM 13 TRADEMARKS

The Proprietary Marks identified below are those owned by our affiliate, SIPL.

Your use of the Proprietary Marks is subject to the trademark license provisions contained in the Franchise Agreement. We have the right to change the marks that you are licensed and authorized to use in operating your Franchised Business, subject to the terms and conditions of the Franchise Agreement. As of the date of this Disclosure Document, SIPL has registered the following marks with the U.S. Patent & Trademark Office (USPTO) on its Principal Register:

Mark	Registration Number	Date of Registration
SCOLICARE	5,440,587	April 10, 2018
SCOLICARE	6,382,835	March 30, 2021

SIPL filed, and intends to file when due, an affidavit of use and an affidavit of incontestability, as well as a renewal application, for the registrations listed above.

Your right to use the Proprietary Marks is limited to the uses that are authorized under the Franchise Agreement, and any unauthorized use of the Proprietary Marks will infringe upon our rights. You may not use any Proprietary Marks: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) in connection with performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine or in any other manner in connection with an Digital Site without our prior written approval; (5) in any human resources document (such as a paystub, paycheck, employment application, etc.); or (6) in any way that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your Franchised Business in the manner we specify (such as on invoices, order forms, receipts, employment agreements, and contracts). You must also use the trademark registration notices that we require, and obtain any assumed business name registrations that applicable law requires.

On November 1, 2021, SIPL entered into a license agreement with SUIL that licenses to SUIL the use of the Proprietary Marks (the "**SIPL License Agreement**"). Under the SIPL License Agreement, SIPL granted SUIL a non-exclusive right to use, and to license others to use, the Proprietary Marks in the United States for the purpose of operating and franchising ScoliCare Clinics. The SIPL License Agreement term is for a term of five years, with four additional five-year automatic terms (unless one party notifies the other at least 60 days before renewal that it does not wish to renew), and is terminable by either party for breach. If the SIPL License Agreement is

terminated, SUIL may not be able to continue to use (and if that happens, we, and therefore you, may no longer have the right to use) the Proprietary Marks.

On November 1, 2021, we entered into a license agreement with SUIL that licensed to us the use of the Proprietary Marks (the "**SUIL License Agreement**"). Under the SUIL License Agreement, SUIL granted us a non-exclusive right to use, and to license others to use, the Proprietary Marks in the United States for the purpose of operating and franchising ScoliCare Clinics. The SUIL License Agreement term is for a term of five years, with four additional five-year automatic terms (unless one party notifies the other at least 60 days before renewal that it does not wish to renew), and is terminable by either party for breach. If the SUIL License Agreement is terminated, we may not be able to continue to use (and if that happens, you may no longer have the right to use) the Proprietary Marks.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Proprietary Marks. Except as described above in this Item 13, no agreement significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the franchise, and we know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. You must render the assistance we require to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Proprietary Marks. We will defend you against any third party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in compliance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement, as well as your out of pocket costs (except that you will bear the salary costs of your employees). If we determine that you have not used the Proprietary Marks in compliance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement, and you must promptly reimburse us for those amounts. If there is any litigation due to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Proprietary Mark or for you and the Franchised Business to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. You must immediately cease using any discontinued marks and must immediately begin using any substituted marks (including in your marketing materials). Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Market.

Copyrights

We (or our affiliates, in some cases) claim copyright protection covering various materials used in our business and the development and operation of ScoliCare Clinics, including the Brand Manual, marketing and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Franchised Business under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of the Franchised Business. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Operating Owner, Certified Manager and your Additional Trained Personnel to sign a Non-Disclosure and Non-Competition Agreement. Every one of these agreements must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this Non-Disclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit F.

Brand Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business according to the Brand Manual. We will lend you one set of our Brand Manual for the term of the Franchise Agreement.

You must always treat in a confidential manner the Brand Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Brand Manual. You must use best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Brand Manual and the related materials, or any part (except for the parts of the Brand Manual that are meant for you to copy, which we will clearly mark), nor may you otherwise let any unauthorized person have access to these materials. The Brand Manual will always be our sole property. You must always keep the Brand Manual in a secure place at the Franchised Business' premises.

We may periodically revise the contents of the Brand Manual, and you must make corresponding revisions to your copy of the Brand Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Brand Manual, our master copy of the Brand Manual (maintained at our home office) will be controlling.

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

The Franchise Agreement does not require you to participate personally in the direct operation of the Franchised Business, although we encourage and recommend active participation by you. Our requirements for participation and supervision are described below.

If you are an entity (a corporation, partnership or LLC), then you must appoint a person who will serve as your "Operating Owner." The Operating Owner (or Certified Manager) must supervise the Franchised Business and complete our training program. Additionally, the Operating Owner must have at least a 51% ownership interest in the franchisee entity, and have authority over all business decisions related to the Franchised Business and the power to bind you in all dealings with us. You may not change the Operating Owner without our prior approval.

You must inform us in writing whether the Operating Owner will also act as the person who will be responsible for the full-time day-to-day responsibility for the daily and on-site supervision and operation of the Franchised Business. If the Operating Owner will not supervise the Franchised Business on a full-time and daily basis, you must employ a Certified Manager who has qualifications reasonably acceptable to us, to assume responsibility for the daily operation of the Franchised Business. We do not require that your Certified Manager have any ownership interest in you. You must maintain at least two individuals (which may include the Operating Owner) in the employ of your Franchised Business, who have successfully completed, to our satisfaction (which means completing required training elements to our standards), our initial training program and any additional training that we may require of such persons.

If the franchisee is an entity, then all of your owners must sign a guarantee of the franchisee's performance under the Franchise Agreement. The guarantee will be in the form attached to the Franchise Agreement as Exhibit B. We may in some circumstances require your spouse to sign the guarantee, which also includes confidentiality and non-competition restrictions.

We require your principals (including the Operating Owner) and Certified Manager to sign a non-disclosure and non-competition agreement, the form of which is attached to the Franchise Agreement as Exhibit F. We do not impose any other restrictions on your managers.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Each component of the System is vital to us, to other franchisees of the System and to the operation of the Franchised Business. Therefore, you must operate your Franchised Business in compliance with the System.

You must sell or offer for sale only those Products and services that we have approved in writing for you to sell at your Franchised Business, and you must sell or offer for sale all those Products and services. You must not deviate from our standards and specifications, including manner of maintenance of your equipment and Products. You are not restricted regarding the patients to whom you may sell.

You must operate the Franchised Business in an efficient and professional manner following the highest ethical and moral standards. You must comply with all standards of quality and service we prescribe.

Due to changes in competitive circumstances, we may periodically change the System to better serve the interests of our franchisees and the System. There are no limits on our right to do so. We may change the components of the System, including revising the Products, services, policies and procedures of the System and modifying products, materials, and services which you are authorized to offer. You must abide by these modifications. However, these changes will not increase your obligations under the Franchise Agreement. It is understood that we are not obligated to replace, modify or supply equipment to you.

You must comply with the policies and procedures for the selection of your staff as set out in the Brand Manual.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise term	§ 2.1	The earlier to occur of (a) five years after the Franchised Business opens, or (b) six years from the date of the Franchise Agreement.
b. Renewal or extension of the term	§ 2.2	Two additional 5-year term
c. Requirements for you to renew or extend	§§ 2.2.1 - 2.2.9	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, release, sign new Franchise Agreement, and others; see §§ 2.2.1 - 2.2.9 in Franchise Agreement. If you seek to renew your franchise at the expiration of the initial term, you may be asked to sign a new form of franchise agreement that contains terms and conditions materially different from those in your original franchise agreement, such as different fee requirements and territorial rights.
d. Termination by you	Not Applicable	You may terminate the Franchise Agreement under any grounds permitted by state law.
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	§ 17	Default under the Franchise Agreement, not meeting Minimum Conversion, insolvency, bankruptcy, abandonment, and other grounds; see § 17 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined-defaults which can be cured	§ 17.3	All other defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement
h. "Cause" defined-defaults which cannot be cured	§§ 17.1 and 17.2	Insolvency, bankruptcy, abandonment, conviction of felony, not meeting Minimum Conversion and others; see § 17.2 of the Franchise Agreement. (Termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)).
i. Your obligations on termination/non-renewal	§ 18	Stop operating the Franchised Business, pay amounts due, and others; see §§ 18.1 - 18.13 of the Franchise Agreement.
j. Assignment of contract by us	§ 16.1	There are no limits on our right to assign the Franchise Agreement.
k. "Transfer" by you - definition	§§ 16.4.1 to 16.4.4	Includes transfer of any interest.
l. Our approval of transfer by you	§ 16.4	We have the right to approve transfers.
m. Conditions for our approval of transfer	§ 16.5	Your compliance with the existing franchise agreement, a release, the buyer's signature of a new Franchise Agreement, the payment of transfer fee, and others; see §§ 16.5.1 - 16.5.10 of the Franchise Agreement.
n. Our right of first refusal to acquire your business	§ 16.6	We can match any offer.
o. Our option to purchase your business	§ 18.4	We can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, materials, or inventory at cost or fair market value upon expiration, termination, or default of the Franchise Agreement and/or default under the lease/sublease.

Provision	Section in Franchise Agreement	Summary
p. Your death or disability	§§ 16.7	Your estate must apply to us within 3 months of date of death or incapacity for a transfer of your interest in the Franchised Business to a third party we approve; and the transfer must occur, within 6 months after the date of death or appointment of a personal representative or trustee.
q. Non-competition covenants during the term of the franchise	§§ 19.2, 19.3, and 19.4	Includes prohibition on engaging in a “Competitive Business,” which is any business that: (a) is the same as or similar to the Franchised Business; and/or (b) derives 15% or more of its gross revenues from the treatment of scoliosis; see §§ 19.2 - 19.4 of the Franchise Agreement. (Subject to applicable state law).
r. Non-competition covenants after the franchise is terminated or expires	§§ 19.2, 19.3, 19.4, and 19.5	Includes a two year prohibition similar to “q” (above), within the Protected Territory, or within 5 miles of the Protected Territory, or within 5 miles of any other ScoliCare Clinic then-operating under the System. (Subject to applicable state law).
s. Modification of the agreement	§ 25	Must be in writing signed by both parties.
t. Integration/merger clause	§ 25	Only the final written terms of the Franchise Agreement are binding (subject to state law), but this provision does not disclaim any representation made in this disclosure document. Any representations or promises outside of the disclosure document and agreements may not be enforceable. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	§ 27.3	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief) in Los Angeles, California (subject to applicable state law). The Franchise Agreement contains several provisions that may affect your legal rights, including a waiver of a jury trial, limitations on when claims may be raised, and a waiver of punitive or exemplary damages. See Sections 27.6, 27.7 and 27.8 in the Franchise Agreement.
v. Choice of forum	§ 27.2	If we ever litigate, you must do so in the courts that have jurisdiction over New York County, New York (subject to applicable state law).
w. Choice of law	§ 27.1	New York law applies (subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

We do not use any public figure to promote your franchise or the System, but we reserve the right to do so in the future.

**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.

Presented below are historical financial operating results for three franchised ScoliCare Clinics in Arizona, Colorado and Florida that operated for the entire 2024-2025 fiscal year (July 1, 2024 to June 30, 2025). One Clinic that opened during the fiscal year and did not operate for the full fiscal year was excluded. We obtained this information from reports submitted to us by franchisees. This information has not been audited or independently verified by us or an accountant.

Please review the following table together with all of the notes that follow.

Part A – Clinic Financial Performance Information

	Average	Median	High	Low
Gross Sales	\$889,959	\$698,633	\$1,280,774	\$690,470
Cost of Goods Sold (as a % of Gross Sales)	23.07%	21.83%	26.33%	21.06%
Local Area Marketing (as % of Gross Sales)	5.51%	6%	6.63%	3.92%

Notes to Part A:

1. The figures are based on three franchised Clinics that operated for the full 2024-2025 fiscal year (July 1, 2024, to June 30, 2025) in Arizona, Colorado and Florida.
2. “Gross Sales” means all revenue from the sale of all Products and services and all other income of every kind and nature related to, derived from, or originating from the Clinic, and excludes: (a) any legitimate and reasonable discounts and/or refunds that provided to patients; and (b) sales taxes or other taxes that collected from patients and actually paid to the appropriate taxing authorities.
3. “Cost of Goods Sold” is the cost of Products purchased for resale by the Clinics expressed as a percentage of Gross Sales. Cost of Goods Sold excludes all other costs of operating the Franchised Business, such as, and including, labor, rent, royalties, and other operating expenses.
4. “Local Area Marketing” is the local area marketing and promotional expenditure incurred directly by the Clinics in their territories, expressed as a percentage of Gross Sales.

Part B – Additional Operational Data

	Average	Median	High	Low
New Patients Per Month	12.8	11.5	23	5
% of New Patients Who Purchased Bracing	58.1%	43.8%	91.3%	39.2%
% of New Patients Enrolled in ScolioBalance	67.7%	68.9%	73.3%	60.8%

Notes to Part B:

1. The operational metrics in Part B are averages across the three franchised Clinics that operated for the full 2024-2025 fiscal year (July 1, 2024, to June 30, 2025) in Arizona, Colorado and Florida.
2. “New Patients Per Month” is the average monthly number of new patient consultations at the Clinics.
3. “% of New Patients Who Purchased Bracing” is the average percentage of new patients who purchased a brace measured against those who do not at the Clinics.

4. “% of New Patients Enrolled in ScolioBalance” is the average percentage of new patients who enrolled in ScolioBalance (exercise rehabilitation services) measured against those who do not at the Clinics.

* * *

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

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

Other than the preceding financial performance representation, we do not make any 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 Melanie Ward at Level 5, 15 Kensington Street, Kogarah, New South Wales, Australia 2217, tel:1300 883 884, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1
System wide Outlet Summary
For 2023 – 2025 Fiscal Years

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	1	1	0
	2024	1	3	+2
	2025	3	4	+1
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	1	1	0
	2024	1	3	+2
	2025	3	4	+1

Notes to all Item 20 tables:

1. Data is as of our fiscal year end, which falls each year on June 30.
2. States not listed have no activity.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For 2023 – 2025 Fiscal Years

State	Year	Number of Transfers
Any State	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Outlets
For 2023 – 2025 Fiscal Years

State*	Year	Outlets at Start of Year	Outlets Opened**	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of the Year
Arizona	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Colorado	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Kentucky	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Total	2023	1	0	0	0	0	0	1
	2024	1	2	0	0	0	0	3
	2025	3	1	0	0	0	0	4

Table No. 4
 Status of Company-Owned Outlets
 For 2023 – 2025 Fiscal Years

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Any State	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Total	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table No. 5
 Projected Openings as of July 1, 2025

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
North Dakota	1	0	0
Washington	1	0	0
Total	2	0	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses will be provided in Exhibit E to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit F to this Disclosure Document when applicable.

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

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the ScoliCare System.

There are no trademark-specific organizations formed by our franchisees that are associated with the ScoliCare System.

**ITEM 21
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit D are our audited financial statements for the fiscal years ended June 30, 2025, June 30, 2024 and June 30, 2023.

Our fiscal year ends on June 30 each year.

**ITEM 22
CONTRACTS**

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

Exhibit C	The Franchise Agreement with its exhibits: A. Data Addendum B. Guarantee, Indemnification, and Acknowledgment C. List of Principals D. ACH Authorization Agreement E. ADA Certification F. Sample Form of Non-Disclosure and Non-Competition Agreement G. Site Selection Addendum H. Lease Rider
Exhibit I	Form of General Release

**ITEM 23
RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS / AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677</p>	<p>NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Insurance & Securities Department State Capitol Department 414 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-2910</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions <u>Mailing:</u> P.O. Box 41200 Olympia, WA 98504-1200 <u>Overnight:</u> 150 Israel Rd. SW Tumwater, WA 98501-6456 (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677</p>	<p>NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Insurance Commissioner State Capitol 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-2910</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Director of Department of Financial Institutions 150 Israel Road, SW Tumwater, Washington 98501-6456 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT B TO THE DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDA

EXHIBIT B-1

California Disclosure

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for ScoliCare Franchising LLC in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

2. The State Cover Page of the Franchise Disclosure Document shall be amended by the addition of the following paragraph:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

3. Item 1, "The Franchisor, Its Predecessors, and Affiliates," shall be amended by adding the following paragraph at the conclusion of the Item:

OUR WEBSITE www.scolicare.com (HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

4. In Item 3, "Litigation," shall be amended by adding the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, *et seq.*) suspending or expelling such person from membership in such association or exchange.

5. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by adding the following paragraphs at the conclusion of the Item:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, *et seq.*).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires mediation before all but only certain matters can be litigated. The mediation will occur in Los Angeles, California, with the costs being borne by the franchisee and franchisor. Litigation for matters not resolved through mediation is to take place in the appropriate courts located in New York, New York. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of New York. This provision may not be enforceable under California law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

6. The Franchise Disclosure Document is amended to include the following:

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.

7. The Franchise Disclosure Document is amended to include the following:

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

California Disclosure (Page 2 of 3)

8. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.
9. The Franchise Disclosure Document is amended to include the following:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.
10. 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. The provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT B-2

Illinois Disclosure

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the Franchise Disclosure Document for ScoliCare Franchising LLC for use in the State of Illinois shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently, without reference to this addendum.

EXHIBIT B-3

Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for ScoliCare Franchising LLC for use in the State of Maryland shall be amended as follows:

1. Item 5 "Initial Fees" is amended to include the following:

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.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).

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

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

3. Exhibit H, "Franchisee Disclosure Acknowledgment Statement," shall be amended by the addition of the following at the end of Exhibit H:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. 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.

EXHIBIT B-4

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for ScoliCare Franchising LLC for use in the State of Minnesota shall be amended to include the following:

1. Item 13 is amended by the addition of the following language:

The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suite or demand regarding the use of the name.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee 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 (1) any of the franchisee's rights as provided for in Minnesota Statute 80C.21 (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases)

- o that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
- o that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

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.

3. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

EXHIBIT B-5

North Dakota Disclosure

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. CENT. CODE, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for ScoliCare Franchising LLC shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):
 - A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
 - B. The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.
 - C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
 - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
 - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
 - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
 - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
 - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
 - I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.
 - J. The State of North Dakota has determined that requiring franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the prevailing party in any

enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. 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.
3. This addendum to the Disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. CENT. CODE, §§ 51 19 01 through 51 19 17, are met independently without reference to the Disclosure document.

EXHIBIT B-6

Rhode Island Disclosure

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, the Franchise Disclosure Document for ScoliCare Franchising LLC for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

R.I. Gen. Laws § 19-28.1-14 (the Rhode Island Franchise Investment Act) 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."

2. This addendum to the Disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to the Disclosure document.

EXHIBIT B-7

Virginia Disclosure

In recognition of the requirements contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document of ScoliCare Franchising LLC is amended as follows:

According 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 and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

According 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 franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

This addendum to the disclosure document will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchise Act are met independently without reference to this addendum to the Disclosure Document.

EXHIBIT B-8

Washington Addendum to the Franchise Disclosure Document

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation**. 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. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

Washington Disclosure (Page 1 of 3)

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** 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.
16. **Questionnaires and Acknowledgments.** 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.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or

complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
19. The franchisor will defer collection of the initial franchise fees until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

EXHIBIT B-9

California Franchise Agreement Amendment

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000 31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000 20043, the parties to the attached ScoliCare Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires mediation before all but only certain matters can be litigated. The mediation will occur in Los Angeles, California, with the costs being borne by the franchisee and franchisor. Litigation for matters not resolved through mediation is to take place in the appropriate courts located in New York, New York. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of New York. This provision may not be enforceable under California law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code § § 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code § § 20000 through 20043).

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. The provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law and California Franchise Relations Act are met independently without reference to this amendment.

California Amendment to the Franchise Agreement (Page 1 of 2)

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ScoliCare Franchising LLC
Franchisor

Franchisee Entity

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT B-10

Illinois Franchise Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached ScoliCare Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 28 of the Agreement, under the heading "Acknowledgments," shall be amended by the deletion of Sections 28.1, 28.2, 28.3, 28.4, 28.5, 28.7, 28.8, 28.10 and 28.12.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ScoliCare Franchising LLC

Franchisor

Franchisee Entity

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

**Illinois Amendment to the Franchise Agreement
(Page 1 of 1)**

EXHIBIT B-11

Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached ScoliCare Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term And Renewal," shall be amended by the addition of the following:

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

2. Section 4.1 of the Agreement, under the heading "Initial Franchise Fee," is amended to include the following:

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.

3. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest," shall be amended by the addition of the following:

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

4. Sections 27.2 and 27.7 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be amended by the addition of the following:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

5. Section 28 of the Agreement, under the heading "Acknowledgments," shall be amended by the deletion of Sections 28.1, 28.2, 28.3, 28.4, 28.5, 28.7, 28.8, 28.10 and 28.12.

6. Section 28 of the Agreement, under the heading "Acknowledgments," shall be amended by the addition of the following:

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

Maryland Amendment to the Franchise Agreement (Page 1 of 2)

28.15 The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

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. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ScoliCare Franchising LLC
Franchisor

Franchisee Entity

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT B-12

Minnesota Franchise Agreement Amendment

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached ScoliCare Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term And Renewal," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in its place:

2.2.7 You must sign and deliver to us a release, in a form that we will provide (which will be a mutual release with limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us, excluding only such claims as you may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

2. Section 2 of the Agreement, under the heading "Term And Renewal," shall be amended by the addition of the following paragraph:

Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days' notice of non-renewal of the Franchise Agreement.

3. Section 9 of the Agreement, under the heading "Proprietary Marks," shall be amended by the addition of the following paragraph:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights you may have to our Proprietary Marks.

4. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in its place:

16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

Minnesota Amendment to the Franchise Agreement (Page 1 of 3)

5. Section 16 of the Agreement, under the heading "Transfer of Interest," shall be amended by the addition of the following paragraph:

Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

6. Section 17 of the Agreement, under the heading "Default and Termination," shall be amended by the following paragraph:

Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement.

7. Section 18.7 of the Agreement, under the heading "Obligations upon Termination or Expiration," shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in its place:

18.7 *Pay Damages.* You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in seeking injunctive or other relief for the enforcement of any provisions of this Section 18.

8. Sections 27.5 and 27.9 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be deleted in their entirety and shall have no force or effect; and the following paragraphs shall be substituted in its place:

27.5 *Injunctions.* Nothing contained in this Agreement shall bar our right to seek injunctive relief (without having to post a bond) against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.9 *Payment of Legal Fees.* You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: **(a)** seeking injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or **(b)** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

9. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution", shall be amended by the following paragraph 27.10, which shall be considered an integral part of the Agreement:

27.10 Minn. Stat. § 80C.17 prohibits any action from being commenced under the Minnesota Franchises Law more than three years after the cause of action accrues. Minn.

**Minnesota Amendment to the Franchise Agreement
(Page 2 of 3)**

Stat. § 80C.21 and Minn. Rule 2860.4400J 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 disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

10. Section 28 of the Agreement, under the heading "Acknowledgments," shall be amended by the deletion of Sections 28.1, 28.2, 28.3, 28.4, 28.5, 28.7, 28.8, 28.10 and 28.12.

11. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Minnesota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ScoliCare Franchising LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT B-13

North Dakota Franchise Agreement Amendment

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. CENT. CODE, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached ScoliCare Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. The Agreement shall be amended by the addition of the following Section 29:

29. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

- A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.*
- B. The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.*
- C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.*
- D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.*
- E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.*
- F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.*
- G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.*
- H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.*
- I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.*
- J. The State of North Dakota has determined that requiring franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement to be*

**North Dakota Amendment to the Franchise Agreement
(Page 1 of 2)**

unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. 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.
3. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. CENT. CODE, §§ 51 19 01 through 51 19 17, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ScoliCare Franchising LLC
Franchisor

Franchisee Entity

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

By: _____
Name: _____
Title: _____

EXHIBIT B-14

Rhode Island Franchise Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, the parties to the attached ScoliCare Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be amended by the addition of the following paragraph:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act 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."

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ScoliCare Franchising LLC
Franchisor

Franchisee Entity

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

By: _____
Name: _____
Title: _____

EXHIBIT B-15

Washington Addendum to the Franchise Agreement and All Related Agreements

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** 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. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

Washington Amendment to the Franchise Agreement (Page 1 of 2)

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** 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.
16. **Questionnaires and Acknowledgments.** 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

**Washington Amendment to the Franchise Agreement
(Page 2 of 3)**

provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
19. The franchisor will defer collection of the initial franchise fees until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

The undersigned does hereby acknowledge receipt of this addendum.

ScoliCare Franchising LLC

Franchisor

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

Franchisee Entity

By: _____
Name: _____
Title: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

EXHIBIT D TO THE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

EXHIBIT E TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES

Franchisees
(As of June 30, 2025)

D, M & A Holdings
LLC of 1355 S Higley Rd #102,
Gilbert, Arizona, 85296, USA
Contact: Dr. Anthony Pivonka and
Patricia Pivonka
Telephone: 807 978 631

Colorado Scoliosis Clinic, LLC
3402 Grizzly Peak Dr,
Bloomfield, Colorado, 80023
Contact: Dr Chris Gubbles
Telephone: 970 217 8881

T. Vision Inc.
6291 Naples Blvd
Naples, Florida 34109
Contact: Dr Thomas Foster Bryant
Telephone: (239) 513-9004

Scoli Transformation Centers, LLC
9393 Aiken Rd,
Louisville, Kentucky, 40245
Contact: Dr Xavier Counts
Telephone: 937 638 8726

Life Expressions PLC *
1471 Interstate Loop, Suite 4,
Bismark,
North Dakota, 58503
Contact: Dr. Mandy Dietz
Telephone: 612 219 9836

Dr Justin J Favreau PLLC *
First Floor, Northway Square East,
2150 N. 107th Street,
Washington 98133
Contact: Dr. Justin Favreau
Telephone: 206 390 6777

* Franchise Agreement signed but outlet not yet open.

EXHIBIT F TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

(As of June 30, 2025)

None

EXHIBIT G TO THE DISCLOSURE DOCUMENT
TABLE OF CONTENTS OF BRAND MANUAL
(Total Number of Pages 655)

TABLE OF CONTENTS TO BRAND MANUAL	
BRAND MANUAL CHAPTER	NUMBER OF PAGES
Chapter 1: INTRODUCTION TO THE MANUAL	3
Chapter 2: INTRODUCTION TO THE FRANCHISE SYSTEM	14
Chapter 3: PRE-OPENING	56
Chapter 4: STAFFING YOUR SCOLICARE CLINIC	10
Chapter 5: DAILY OPERATING PROCEDURES	299
Chapter 6: SALES & PRICING	3
Chapter 7: MARKETING & BUSINESS DEVELOPMENT	268
Chapter 8: MANAGEMENT REPORTING	2

EXHIBIT H TO THE DISCLOSURE DOCUMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

NOTE: THIS FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT SHALL NOT BE COMPLETED OR SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THIS FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

As you know, ScoliCare Franchising LLC (the “**Franchisor**”) and you are preparing to enter into a franchise agreement (the “**Franchise Agreement**”) for the establishment and operation of a “ScoliCare” clinic (the “**Franchised Business**”). The purpose of this Acknowledgement Statement is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“**Broker**”) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Please also note that this Franchisee Disclosure Acknowledgment Statement is not meant to and does not have the effect of disclaiming any of the information provided in Franchisor’s FDD.

1. The following dates and information are true and correct:

- | | |
|--|---|
| a. _____, 202__
Initials _____ | The date of my first face-to-face meeting with any person to discuss the possible purchase of a Franchise. |
| b. _____, 202__
Initials _____ | The date on which I received Franchisor’s Franchise Disclosure Document (“ FDD ”). |
| c. _____, 202__
Initials _____
_____ | The date when I received a fully completed copy (other than signatures) of the Franchise Agreement, and Addenda (if any), and all other related documents I later signed. |

d. _____, 202__ The date on which I signed the Franchise Agreement.

Initials _____

2. Did you receive and personally review the Franchise Agreement, each addendum, and related agreement provided to you?

Yes _____ No _____

3. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

4. Did you receive and personally review the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

5. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

6. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

7. Did you discuss the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

8. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

9. Did anyone speaking on the franchisor's behalf make any statement or promise to you about actual or potential revenues, profits, or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees that is different from the information contained in the Disclosure Document?

Yes _____ No _____

10. Did anyone speaking on the franchisor's behalf make any statement or promise regarding the amount of money you may earn in operating the franchised business that is different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Did anyone speaking on the franchisor's behalf make any statement or promise concerning how much revenue the Franchised Business will generate that is different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Did anyone speaking on the franchisor's behalf make any statement or promise regarding the costs you may incur in establishing or operating the Franchised Business that is different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Did anyone speaking on the franchisor's behalf make any statement or promise concerning the likelihood of success that you should or might expect?

Yes _____ No _____

14. Did anyone speaking on the franchisor's behalf make any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is different from the information contained in the Disclosure Document or Franchise Agreement?

Yes _____ No _____

15. Before today, did you enter into any binding agreement with the franchisor concerning the purchase of this franchise?

Yes _____ No _____

16. Before today, did you pay any money to the franchisor or its affiliates concerning the purchase of this franchise?

Yes _____ No _____

17. Did you speak with any other franchisees in the ScoliCare system before deciding to purchase this franchise? If so, who? _____

If you have answered No to question 8, or Yes to any one of questions 9-16, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 8, and No to each of questions 9-16, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 202____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

These questions are asked to confirm our understanding of certain facts. Your answers are not a waiver of any law, nor are our questions and your answers a disclaimer by us of any information that we have provided in our disclosure document. Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Date Signed

Signature

Home Address

Printed Name

EXHIBIT I TO THE DISCLOSURE DOCUMENT
FORM OF GENERAL RELEASE

The following is our current general release language, which we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.

*Franchisee, its officers and directors, partners, members and managers, owners, and their respective agents, heirs, administrators, successors, and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless ScoliCare Franchising LLC, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "**Franchisor Group**"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership, or operation of the Facility. (The releases given here include the parties' waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect 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")). The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any patient, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Franchise Agreement or the Facility. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein.*

Any release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Exhibit J:**STATE EFFECTIVE DATES**

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

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

STATES	EFFECTIVE DATE
California	Pending
Indiana	October 17, 2025
Maryland	Pending
Minnesota	Pending
North Dakota	Pending
Rhode Island	October 15, 2025
South Dakota	October 17, 2025
Washington	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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 ScoliCare Franchising LLC (“**SFL**”) offers you a franchise, it must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship; or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If SFL 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

The franchisor is ScoliCare Franchising LLC, located at Level 5, 15 Kensington Street, Kogarah, New South Wales, Australia 2217. Its telephone number is (tel: 1300 883 884).

The issuance date of this disclosure document is October 15, 2025.

The franchise seller is Andrew Lyme, Chief Commercial Officer, at ScoliCare Franchising LLC, Level 5, 15 Kensington Street, Kogarah, New South Wales, Australia 2217, (tel: 1300 883 884). Any additional individual franchise sellers involved in offering the franchise are:

_____.

ScoliCare Franchising LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated October 15, 2025, that included the following Exhibits:

- | | |
|---|---|
| A: List of State Administrators/Agents for Service of Process | F: List of Franchisees Who Have Left The System |
| B: State Specific Addenda | G: Table of Contents of Brand Manual |
| C: Franchise Agreement | H: Franchisee Disclosure Acknowledgment Statement |
| D: Financial Statements | I: Form of General Release |
| E: List of Franchisees | J: State Effective Dates |
| | K: FDD Receipts |

Date: _____, 202_____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Please keep this copy of the receipt with your disclosure document

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 ScoliCare Franchising LLC (“**SFL**”) offers you a franchise, it must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship; or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If SFL 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

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| D: Financial Statements | I: Form of General Release |
| E: List of Franchisees | J: State Effective Dates |
| | K: FDD Receipts |

Date: _____, 202_____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Please sign, date, and return this copy to us