

-FRANCHISE DISCLOSURE DOCUMENT



[The Joint Corp.](#)
[A Delaware corporation](#)

~~The Joint Corp.~~

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~~This disclosure document is~~ [The Joint Corp. offers franchises](#) for ~~the right to own and operate a franchise~~ ("Location Franchise") in which you will be responsible for operating and/or managing [cash-basis, private-pay](#) chiropractic ~~clinics~~ ("Clinic(s)") [clinic](#) that ~~specialize in providing~~ [offers](#) chiropractic services to the ~~general public~~ at a specific location under the trademarks "~~The Joint®~~", "~~The Joint Chiropractic®~~", "~~The Joint...the chiropractic place®~~", and other marks we authorize ("~~Marks~~"). [a membership model.](#)

The total investment necessary to begin operation of a ~~The Joint~~ [THE JOINT®](#) franchise ranges from ~~\$215,297~~ [\\$254,250](#) to ~~\$478,997~~ [\\$520,800](#). This includes \$40,900 that must be paid to us ~~or an affiliate.~~

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

This ~~disclosure document~~ ("~~Disclosure Document~~") summarizes certain provisions of your franchise agreement, [area development agreement](#) and other information in plain English. -Read this Disclosure Document and all accompanying agreements carefully. -You must receive this Disclosure Document at least ~~fourteen~~ (14) calendar days before you sign a binding agreement with, or make any payment to ~~us~~, [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 ~~Eric Simon~~ [the franchisor](#) at ~~The Joint Corp.~~, 16767 N. Perimeter Dr., Suite 110, Scottsdale, ~~AZ~~ [Arizona](#) 85260, ~~telephone~~ [or by phone at](#) (480) 245-5960.

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

Buying a franchise is a complex investment. -The information in this Disclosure Document can help you make up your mind.- More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this ~~disclosure document~~ Disclosure Document, is available from the Federal Trade Commission- (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. -You can also visit the FTC's home page at www.ftc.gov ~~www.ftc.gov~~ for additional information ~~on franchising~~. 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: ~~April 28, 2023 (amended November 15, 2023)~~ May 1, 2024

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT F -EXHIBIT "F".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT D EXHIBIT "G" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only The Joint <u>THE JOINT</u>[®] clinic in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a The Joint <u>THE JOINT</u>[®] franchisee?	Item 20 or EXHIBIT F EXHIBIT "F" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement ~~requires~~ [and area development agreement require](#) you to resolve disputes with the franchisor by mediation and/or litigation only in Arizona. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Arizona than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

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

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THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS.- IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

- (a) A prohibition ~~of~~on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure ~~ea~~such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's² inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchisee's^d business are not subject to compensation. This subsection applies only if: (i) ~~the~~The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 ~~months~~months advance notice of franchisor's² intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that ~~med~~arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of ~~med~~arbitration, to conduct ~~med~~arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's² ~~then~~-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or ~~sub-franchisor~~subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

~~The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.~~

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to ~~the Attorney General's Department for the~~:

State of Michigan, ~~Consumer Protection Division,~~

Department of Attorney General

CONSUMER PROTECTION DIVISION

Attention: Franchise Section, ~~670 Law~~

G. Mennen Williams Building, 1st Floor

525 ~~W.~~ West Ottawa Street,

Lansing, Michigan 48913,

Telephone Number: (517) 373-7117.

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EXHIBITS

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

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

TO DISCLOSURE DOCUMENT:

- ~~A STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS~~
- ~~B FRANCHISE AGREEMENT FOR LOCATION FRANCHISES~~
- ~~C OPERATIONS MANUAL FOR LOCATION FRANCHISES: TABLE OF CONTENTS~~
- ~~D FINANCIAL STATEMENTS OF FRANCHISOR~~
- ~~E CONFIDENTIALITY AGREEMENT~~
- ~~F LIST OF FRANCHISEES~~

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~~H — MANAGEMENT AGREEMENT~~
~~I — AMENDMENT TO WAIVE MANAGEMENT AGREEMENT~~
~~J — STATE-SPECIFIC DISCLOSURES~~
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~~O — STATE EFFECTIVE DATES~~
~~P — RECEIPTS~~

Item 1

~~THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES~~

To simplify the language in this Disclosure Document, ~~the following terms have the meanings given to them below:~~

~~“We” or “us” means The Joint Corp., the franchisor, but does not the franchisor’s officers, directors, agents or employees.~~

~~“You” “you” means the person who buys a franchise from us. the franchise for a Clinic – the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company. “We,” “us” and “the Company” mean The Joint Corp. - the franchisor.~~

Corporate Information

The Joint Corp.

~~“Owners” means the principal shareholders, partners or members holding an ownership interest in you if you are a corporation, partnership, limited liability company, or other business entity.~~

~~“Marks” means the trademarks “The Joint[®]”, “The Joint Chiropractic[®]”, “The Joint...the chiropractic place[®]” and any other marks we authorize for use by The Joint[®] chiropractic clinics.~~

~~“Clinic” means any chiropractic clinic that operates under the Marks and specializes in providing chiropractic services and products to the general public through licensed chiropractic professionals, including clinics operated by us, our affiliates, you or our other franchisees.~~

~~“Location Franchise” or “Franchised Business” means the franchised business offered under this Disclosure Document for the operation and/or management of a Clinic.~~

~~The Franchisor, and any Parents Predecessor and Affiliates.~~

~~We are~~ is a Delaware corporation that was incorporated on March 10, 2010. ~~On November 14, 2014, The Joint Corp. became a publicly traded company on the NASDAQ exchange.~~ Our principal business address is 16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260 ~~and our~~ Our telephone number is (480) 245-5960. ~~Our agents for service of process~~ is are disclosed in Exhibit A-EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We ~~operate~~ do not do business under any names other than our corporate legal name as well as “The Joint Corp.” and the trade names “The Joint” and “The Joint Chiropractic.”

~~We do not have any parent companies or predecessors. We do not have any affiliates that offer, or have ever offered, franchises in this or any other line of business. We do not have any affiliates that provide goods or services to our franchisees.~~

~~Our Business.~~ History

~~We offer franchises for Location Franchises and franchises for Regional Developer Businesses. We began ~~We have never offered franchises in any other line of business.~~~~

~~The franchise offered under this Disclosure Document is for a Location Franchise. We have offered Location~~

~~Franchises since 2010. We offer Location Franchises to persons or legal entities that meet our qualifications, and are willing to undertake the investment and effort to own and operate Franchised Businesses that will own, operate and/or manage Clinics. If you are an unlicensed person, you may own and operate a Clinic only if it is permissible under applicable law; otherwise, you may only manage a Clinic for a licensed person or entity that is authorized to own and operate a Clinic.~~

~~We have also offered franchises for Regional Developer Businesses since 2011, although we temporarily discontinued offering franchises for Regional Developer Businesses Clinics in 2010. We have also offered area representative franchises from: (a) 2011 to December 2013 until; and (b) November 2016 to present. At this time, we no longer offer franchises for new area representative businesses. However, we continue to offer renewal franchises to existing area representatives. As of December 31, 2022³, we have sold a total of 44 area representative franchises. We have never offered franchises in any other line of business.~~

~~Area representative franchises for Regional Developer Businesses. The franchisee that is granted the right to operate a Regional Developer Business is referred to as a “Regional Developer.” Note that the term “Regional Developer” as used in this Disclosure Document has the same definition and meaning as an “Area Representative” under the NASAA Multi-Unit Commentary adopted in September 2014. Regional Developer Businesses are are offered under a separate ~~disclosure document.~~ Disclosure Document. We refer to the area representative business as a “Regional Development Business” and we refer to the area representative franchisee as a “Regional Developer”. Regional Developers: (a) solicit prospective Clinic franchisees within a defined development territory; and (b) provide these franchisees with certain initial and ongoing support with the development and operation of their Clinics. If your Clinic is located within a Regional Developer’s development territory, the Regional Developer may assist you with the development and operation of your Clinic.~~

~~Regional Developers have a continuing right to solicit potential purchasers for our Location Franchises in a defined territory. Regional Developers also provide development and ongoing franchise support services to the Location Franchises within a defined territory. However, Regional Developers do not have any management responsibility relating to the sale or operation of franchises. Depending on your area, you may have an existing Regional Developer that assists us with your Location Franchise. If your Location Franchise is located in an area where we have a Regional Developer, the Regional Developer will provide, on our behalf, certain franchise sales and support services to you.~~

~~We currently own, operate and/or manage several Clinics in Arizona, California, Georgia, New Mexico, North Carolina, South Carolina and Virginia. These Clinics operate under our Marks, but are not subject to the terms of any franchise agreements. However, in some instances we have entered into Management Agreements with P.C.s (see explanation below) who own the In addition to offering franchises and administering the franchise system, we have owned and operated (or in some cases managed) Clinics in various states since 2014. Some of these Clinics are owned, operated and managed by us. Others are owned and operated by a Chiropractic PC but managed by us (similar to a Managed Clinic).~~

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

Predecessors, Parents and Affiliates

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

Description of Franchised Business

The franchised business offered under this Disclosure Document is for a Clinic, which is a cash-basis, private-pay business that offers chiropractic services to the public using a membership model. Clinics that we manage. We acquired some of these Clinics from franchisees in late 2014 and early 2015, and developed

others on our own. We intend to continue to own, build, acquire, operate and/or manage Clinics throughout the U.S., and possibly other countries.

~~We are do not currently engaged in any line of business other than: (i) offering Location Franchises and franchises for Regional Developer Businesses; and (ii) owning, operating and/or managing Clinics accept insurance as described above.~~

The Franchised Business

~~The Joint[®] chiropractic clinics offer compensation for services rendered. In accordance with state law, chiropractic services to the general public may only be provided by, or in some cases under the Marks utilizing a membership model. The Location Franchise offered under this Disclosure Document is for ownership and/or management of a Clinic.~~

~~In some cases, the franchisee owns and operates both the Franchised Business and the Clinic. This is typically the case where the franchisee is supervision of, a licensed healthcare professional. If the franchisee is not a chiropractor. The licensed healthcare professional, then applicable law may prohibit the franchisee from owning and operating the Clinic. In those cases, the franchisee owns and operates the Franchised Business but enters into a Management Agreement with a separate professional legal entity that will own and operate the Clinic. This structure is referred to as the Professional Corporation/Management Company Structure. The Professional Corporation/Management Company Structure is described in more detail below under the Section entitled “Laws and Regulations.”~~

~~If we grant you a Location Franchise, you must sign a Franchise Agreement. Our current form of Franchise Agreement is attached to this Disclosure Document as Exhibit B. The Franchise Agreement grants you the right to establish and operate a Location Franchise using our Marks from a site that must be approved by us. You must operate your Location Franchise in strict compliance with: (i) all of the terms and conditions of the Franchise Agreement; (ii) all standards and procedures that we specify (the “System”); and (iii) all mandatory provisions contained within our Manual for Location Franchises, as may be changed from time to time (“the Manual”).~~

~~Currently, the Clinics associated with Franchised Businesses are typically located in highly trafficked strip malls or other similarly suitable locations, or other locations, such as medical or corporate centers where chiropractic clinics are typically located. However, in the future we may offer the right to operate a Franchised Business in a “Non Traditional Site.” For purposes of this Disclosure Document, a “Non Traditional Site” means any site or channel that generates customer traffic flow that is independent from the general customer traffic flow of the surrounding area, including on or within the confines or premises of military bases, shopping malls or centers, stadiums, major industrial or office complexes, parking lots or structures, mobile vehicles, airports, hotels, resorts, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, theme parks, and sports or entertainment venues. “Non Traditional Sites” also may include the establishment and operation of a Clinic within a pre-existing business that does not operate under the Marks. For example, Clinics established within an urgent care center, retail store, or medical spa would qualify as Non Traditional Sites. We would expect to grant franchises for Non Traditional Sites in self-contained locations such as college or university campuses, airports, hospitals, or sports arenas.~~

Market and Competition:

~~The market for Location Franchises includes all individuals who desire chiropractic care.~~

~~If you open a Franchise Business, the competition for the Clinic associated with your Franchised Business will include other businesses or professionals offering similar products and services to individuals. These competitors may include other chiropractic clinics, physical therapy specialists, hospitals and other medical facilities and~~

franchises. Your Franchised Business may also face competition from businesses or professionals who operate multi-disciplinary medical and/or health practices, which offer chiropractic care along with other medical and health services to their clients or patients.

Laws and Regulations.

Professional Corporation/Management Company Structure

Except where unlicensed ownership and operation of a Clinic is allowed by applicable law, each Clinic must be owned and operated by one or more licensed professionals (typically chiropractors) that will provide chiropractic services in the state in which the Clinic is located. In those states that require a Professional Corporation (“P.C.”) (or similar entity, such as a professional limited liability company structure) to own and/or operate a chiropractic Clinic. If you are not a licensed professional and your state requires a P.C., then you, as the franchisee, will supply management and general business services to the P.C., who in turn will own and operate the chiropractic Clinic. In these situations, we expect the licensed professionals (typically chiropractors) will form the “P.C.” and operate it in accordance with local and state laws.

If you are not a licensed professional and your state requires a P.C., then you must sign both a Franchise Agreement with us to operate the Location Franchise and a management agreement (“Management Agreement”) with a P.C. before you begin operating the Franchised Business. Our current form of Management Agreement is attached to this Disclosure Document Exhibit H. Depending on the law of your state, if you are a licensed chiropractic professional and/or have your own P.C., you may not be required to execute a Management Agreement. Under a Management Agreement, a non-chiropractor franchisee will: (i) provide the P.C. with management, administrative services and general business and operational support consistent with the System; and (ii) generally support the P.C.’s chiropractic Clinic and its delivery of chiropractic services and related products to patients at the Clinic in compliance with all applicable laws and regulations.

If you are not a licensed professional, we strongly recommend that you hire a local healthcare lawyer to advise you on healthcare laws that will apply to your Franchised Business. You must use our applicable standard form of Management Agreement. However, you should have this form reviewed by your healthcare lawyer to determine whether any changes are necessary to comply with applicable state or local laws. We provide you a generic form of Management Agreement. It is your responsibility to ensure that it complies with the laws and regulations of your state. If needed, you may negotiate the monetary terms and certain other discretionary business terms of your relationship as a management company for the P.C. that will own and operate the Clinic and deliver chiropractic services for your Location Franchise. You must obtain our written approval of the final Management Agreement prior to signing it with a P.C. Prior to entering into any agreement with a P.C., you must also submit information about the P.C. and its licensed professionals, and their credentials, for our approval. You must maintain a current, conforming and compliant Management Agreement with a valid and approved P.C. who is in regulatory good standing at all times during the operation of the Franchised Business. You must obtain a credentialing report on every chiropractor that will provide chiropractic services at the Clinic (including you, if you are a chiropractor) to ensure that the chiropractor is properly licensed and in good standing.

The P.C. is responsible for employing and controlling chiropractors and any other chiropractic professionals and staff of the Clinic who provide actual chiropractic services to be delivered at the Clinic. A non-chiropractor franchisee may NOT provide nor direct the administering of any actual chiropractic services, nor supervise, direct, control or suggest to the P.C. or its licensed chiropractors the manner in which the P.C. or its licensed chiropractors provide or administer actual chiropractic services to patients (unless we enter into a “Waiver Agreement” with the franchisee as described further below). Due to various federal and state laws regarding the practice of chiropractic medicine, and the ownership and operation of chiropractic Clinics and health care businesses that provide chiropractic services, it is critical that any unlicensed franchisee does not engage in practices that are, or may appear to be, the practice of chiropractic medicine. The P.C. is responsible for, and must offer all chiropractic

~~services in accordance with, all manner of law and regulation, a conforming Management Agreement and the System. It is your sole responsibility to operate in compliance with all applicable state and federal laws in relation to privacy and security of individually identifiable information.~~

~~You must also ensure that your relationship with the P.C. complies with all laws and regulations. The P.C. who owns the Clinic must comply with all laws and regulations and secure and maintain in force all required licenses, permits and certificates relating to the operation of a Clinic. Franchisees may assist the P.C. in its effort to comply with such laws and regulations, but must do so under the direction of the P.C. Each state has medical, nursing, physician assistant, cosmetology, naturopathic, chiropractic and other boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by their members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as chiropractors and chiropractic assistants in the state where the Clinic is located, and to hold required certifications by, or registrations in, any applicable professional association or registry. These laws and regulations vary from state to state and may change from time to time.~~ responsible for providing and/or supervising the provision of chiropractic services at a Clinic are referred to as the “Chiropractic Staff”. The 2 types of Clinic franchises we offer are described below:

Franchised Clinic (Direct Ownership ~~and~~ Model)

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

Managed Clinic (Managed Operation ~~of Clinics By Unlicensed Persons~~ Model)

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

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

We developed the System, and the standards and specifications associated with the System, to create a framework that enables Clinics to operate in compliance with our brand standards and maintain a uniform experience for patients. However, we understand that the practice of chiropractic is a licensed medical profession requiring independent judgment, skill and training. We do not engage in the practice of chiropractic, and we are not authorized to provide chiropractic services. Our franchise training and support programs do not include any training or support regarding the method or manner by which chiropractors make clinical decisions. Chiropractors retain complete discretion on all decisions that may impact their chiropractic license. We do not control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by you (if

you are a licensed chiropractor), the Clinic Operator (if you operate a Managed Clinic) or the Chiropractic Staff. In recognition of these facts, we acknowledge and agree that if any terms of the Franchise Agreement (or any related agreement) and/or the Manual conflict with the Professional Judgment of you (if you are a licensed chiropractor), the Clinic Operator (if you operate a Managed Clinic) or the Chiropractic Staff then: (a) the Professional Judgment of you, the Clinic Operator or the Chiropractic Staff, as applicable, will control; and (b) you will be authorized to act in a manner consistent with the Professional Judgment of you, the Clinic Operator or the Chiropractic Staff without being deemed in breach of the Franchise Agreement.

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

Area Development Rights

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

Market and Competition

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

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

Laws and Regulations

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

- restrict or limit the persons who may lawfully own a Clinic ~~and a Location Franchise~~, provide chiropractic services and/or employ Chiropractic Staff, including ~~hiring chiropractic~~ corporate practice of medicine laws and other ~~professional personnel~~ comparable laws
- regulate the practice of chiropractic, including the licensure of chiropractors or other healthcare

professionals

- restrict physician self-referrals, including the federal Stark Law and providing comparable state laws
- restrict or prohibit the payment or receipt of remuneration as an inducement or reward for patient referrals, including the federal Anti-Kickback Statute and comparable state laws
- restrict or prohibit certain fee splitting arrangements involving physicians or other healthcare professionals
- regulate the use of medical devices
- regulate the privacy of patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information for Economic and Clinical Health Act (HITECH) and other comparable federal and state laws
- regulate the advertising of chiropractic clinics or chiropractic services

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

Some Healthcare Laws only apply to patients businesses that accept Medicare, Medicaid or other state or federal government funded benefit plans or fiscal intermediaries. While some of these laws apply to our business model, a majority do not due to the fact our current business model is limited to a cash-basis, private-pay model (Clinics may not accept insurance as compensation for services rendered).

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

Chiropractor Licensing

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

Corporate Practice of Medicine Laws

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

A. Franchised Clinic

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

In some states that do not adhere to a corporate practice of medicine (“CPOM”) doctrine, a person who is neither a licensed chiropractor nor a Chiropractic PC may lawfully own and operate a Clinic and a Location Franchise, you may chiropractic clinic and employ the Chiropractic Staff who provide chiropractic services at the Clinic. We refer to these states as “Non-CPOM States”. If you are not a licensed chiropractor but your Clinic is located in a Non-CPOM State, we may authorize you to own and operate a Franchised Clinic, in which case you will directly

own and operate the Clinic and employ the Chiropractic Staff who provide chiropractic services at the Clinic. If you are not a licensed chiropractor and you believe the state in which your Clinic is located qualifies as a Non-CPOM State, you must send us a written request ~~that we waive certain of the requirements of the Franchise Agreement related to separating the operation of~~ to enter into a Waiver Agreement with you. The Waiver Agreement constitutes our written authorization for you, as a non-licensed individual, to own and operate a Franchised Clinic in a Non-CPOM State. Our current form of Waiver Agreement is attached to this Disclosure Document as EXHIBIT "H"-3. As a condition to signing the Waiver Agreement, we may require that you hire healthcare counsel, licensed in your state, to provide us with a legal opinion confirming that you may lawfully own, operate and manage a Franchised Clinic and employ the Chiropractic Staff who provide chiropractic services at the Clinic.

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

B. Managed Clinic

You must acquire a Managed Clinic if you are not a licensed chiropractor and your state has a CPOM law that precludes you from holding an ownership interest in a chiropractic clinic or employing chiropractors. Our Managed Clinic business model separates the chiropractic aspects of the Clinic from the business management aspects of the ~~Location Franchise. In particular, you: (business. A franchisee who acquires a) may not need~~ Managed Clinic must: (a) identify and establish a relationship with a Chiropractic PC that is authorized to provide chiropractic services under the laws of the state in which the Clinic is located; and (b) enter into a management services agreement or comparable agreement (a "~~Management Agreement with a P.C. that would, as a separate entity;~~") with the Chiropractic PC. The Chiropractic PC that signs the Management Agreement with the franchisee is referred to as the "Clinic Operator". Under the Management Agreement:

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

If you acquire a Managed Clinic, you must:

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

6. provide Management Services in accordance with the Franchise Agreement, the Managed Clinic Addendum, the Management Agreement and the Manual.

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

We provide you with a sample Management Agreement, but it has not been reviewed for compliance with all applicable laws and regulations. If we agree to do a waiver, you must enter into an the laws in your state. The sample attached is non-state specific. The Manual includes additional sample Management Agreements for use in the states of California, Florida, Illinois, Kansas, New York and North Carolina. You must hire healthcare counsel, licensed in your state, to review and revise our sample form of Management Agreement for Amendment to Waive Management Agreement (“Waiver Agreement”) in the form attached to this Disclosure Document as Exhibit I. Under the Waiver Agreement, you agree that, instead of entering into the Management Agreement with a separate P.C., you will: (a) operate the Clinic, including performing all responsibilities and obligations of the “P.C.” under the Management Agreement; and (b) manage the Clinic as required by the Franchise Agreement and perform all of the responsibilities and obligations of the “Company” under the Management Agreement in compliance with all laws applicable laws and regulations in your state. It is your responsibility to ensure the Management Agreement you sign complies with the laws of your state. You must send us a copy of the executed Management Agreement.

~~You are responsible for operating in full compliance with all laws that apply to a Location Franchise and Clinic, and you must make your own determination as to your legal compliance obligations. The laws applicable to your Clinic may change. If any new or amended law or regulation is enacted in your state that would render your operation of the Clinic through a single entity (or otherwise) unlawful, you must immediately advise us of such new or amended law or regulation as well as the measures you intend to take to bring your Locational Franchise and Clinic into compliance with such new or amended law or regulation, including (if applicable) entering into a Management Agreement with a P.C. Similarly, if we discover and notify you of any such laws, you must immediately implement any changes that are necessary to comply with the new or amended law or regulation, including (if applicable) entering into a Management Agreement with a P.C.~~

~~Regardless of whether you are licensed or an unlicensed person or entity, you, as the franchisee, must not engage in the practice of chiropractic medicine, nursing, or any other profession that requires specialized training or certification, unless you are properly licensed to do so. The Franchise Agreement and Management Agreement will not interfere with, affect or limit the independent exercise of medical judgment by the P.C. and its professional staff. It will be your responsibility for researching all applicable laws, and we strongly advise that you consult with an attorney and/or contact local, state and federal agencies before signing a Franchise Agreement with us, or a Management Agreement with a P.C., to determine your legal obligations and evaluate the possible effects on your costs and operations.~~

Other Laws and Regulations

~~You are responsible for operating in full compliance with all laws that apply to your Franchised Business and any Clinics that you own, operate and/or manage. The medical industry is heavily regulated. These laws may include federal, state and local regulations relating to: the practice of chiropractic medicine and the operation and licensing of chiropractic services; the relationship of providers and suppliers of health care services, on the one hand, and chiropractors and clinicians on the other, including anti-kickback laws (including the Federal Medicare Anti-Kickback Statute and similar state laws); restrictions or prohibition on fee splitting; physician self-referral restrictions (including the federal "Stark Law" and similar state laws); payment systems for medical benefits available to individuals through insurance and government resources (including Medicare and Medicaid); privacy of patient records (including the Health Insurance Portability and Accountability Act of 1996); use of medical devices; and advertising of medical services. While not all of these laws and regulations will be applicable to all Clinics, depending on location and services provided, it is important to be aware of and compliant with the regulatory framework. You should ensure that all employees that will work with patients in your Franchised Business undergo a background check.~~

~~You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to Clinics. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files and displayed as may be required. You must comply with all state and local laws and regulations regarding the management of any Clinic.~~

~~You must also ensure that your relationship with any P.C. for which you manage Clinics complies with all laws and regulations, and that the P.C. complies with all laws and regulations and secures and maintains in force all required licenses, permits and certificates relating to the operation of a Clinic. Each state has medical, nursing, physician assistant, cosmetology, naturopathic, chiropractic and other boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by their members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as chiropractors and chiropractic assistants in the state where the Clinic is located, and to hold required certifications by, or registrations in, any applicable professional association or registry. If a state or jurisdiction has such a law or regulation, these laws and regulations are likely to vary from state to state, and these may change from time to time.~~

C. States That May Require Use of Managed Clinic

~~Based on our review of the laws of the various states, we expect that you will be required to work with a P.C. in believe the following states may require you to acquire a Managed Clinic if you are not a licensed chiropractor: Arkansas, California, Colorado, District of Columbia, Florida, Hawaii, Illinois, Kansas, Kentucky, Maryland, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Washington, West Virginia, and Wyoming. ~~However, you may be required to work with a P.C. in other~~ There are additional states that may, depending on how those states interpret their own laws, also require you to acquire a Managed Clinic if you are not a licensed chiropractor. Some states have not explicitly stated whether an unlicensed person can own and/or operate a chiropractic Clinic in their state. ~~You understand that it is your responsibility to operate your Location Franchise in compliance with the laws and regulations of your state. This may mean that you may have to alter the structure of your franchise and begin working with a P.C., if the state you operate in does not allow, or decides to no longer allow, an unlicensed person from owning and/or operating a chiropractic Clinic~~ In a few states, such as Alabama and Massachusetts, a person who is not a licensed chiropractor may own and operate a chiropractic clinic but only if the person first obtains a practice permit or similar license from the state.~~

~~Some states may permit an unlicensed person from owning and operating a chiropractic Clinic, but require you to first obtain a license or permit (i.e., Alabama, Massachusetts). You understand that it is your responsibility to obtain all necessary licenses or permits to operate your Location Franchise.~~

~~In addition, you must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, HIPAA, data privacy and recordkeeping regulations and guidance, EEOC, OSHA, discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You agree to execute all documents, including documents with us, our agents, affiliates, etc., or others, to ensure compliance with any applicable laws, whether such laws are applicable now or in the future. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.~~

Item 2

Privacy and Security of Patient Records

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

Advertising and Trade Names

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

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

~~Item 1~~ ITEM 2 BUSINESS EXPERIENCE

Peter D. Holt – President and Chief Executive Officer

~~Mr. Holt became our President and Chief Executive Officer in August 2016. Prior to that,~~ Mr. Holt has held the following positions during the prior 5 years:

<u>Employer</u>	<u>Location</u>	<u>Title</u>	<u>Period of Time</u>
<u>The Joint Corp.</u>	<u>Phoenix, AZ</u>	<u>President and CEO</u>	<u>Aug 2016-present</u>
		<u>Acting CEO</u>	<u>Jun 2016-Aug 2016</u>
		<u>COO</u>	<u>May 2016-Jun 2016</u>

~~Mr. Holt served as our Chief Executive Officer (June 2016 to August 2016) and Chief Operating Officer (May 2016 to June 2016).~~

Jake Singleton – Chief Financial Officer

Mr.

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

<u>Employer</u>	<u>Location</u>	<u>Title</u>	<u>Period of Time</u>
<u>The Joint Corp.</u>	<u>Phoenix, AZ</u>	<u>CFO</u>	<u>Nov 2018 to present</u>
		<u>Corporate Controller</u>	<u>Jun 2015 to Nov 2018</u>

~~Mr. Singleton became Chief Financial Officer for The Joint Corp. in November 2018. From June 2015 to November 2018, Mr. Singleton served as our Corporate Controller.~~

Charles Nelles – Chief Technology Officer

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

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

~~Mr. Nelles became Chief Technology Officer at the Joint Corp. in January 2022. From February 2018 to January 2022, Mr. Nelles was the Vice President, Global Infrastructure at American Express Global Business Travel, in Scottsdale, Arizona.~~

Krischelle Tennesen – Chief Human Resource Officer

~~Mrs. Tennesen became Chief Human Resource Officer at the Joint Corp. in January 2023. From July 2019 to December 2022, Mrs. Tennesen was Sr. Vice President of Human Resources at Five Below in Philadelphia, Pennsylvania. From December 2016 to June 2019, Mrs. Tennesen was Chief Human Resource Officer at Marvin Windows in Warroad, Minnesota.~~

Lori Abou Habib – Chief Marketing Officer

~~Mrs. Mrs. Abou Habib became Chief Marketing Officer at the Joint Corp. in August 2023~~ Abou Habib has held the following positions during the prior 5 years:

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

~~From December 2007 to August 2023, Mrs. Abou Habib held two positions with Sonic Industries in Oklahoma City, Oklahoma: (a) Chief Marketing Officer (August 2017 to August 2023); and (b) VP of National Marketing (December 2007 to August 2017).~~

Eric Simon – ~~Vice President~~SVP of Franchise Sales and Development

Mr. Simon ~~became~~ has held the ~~Vice President of Franchise Development for The Joint Corp. in November 2016.~~ following positions during the prior 5 years:

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

Jorge Armenteros – ~~Vice President~~SVP of Operations

Mr. Armenteros ~~joined The Joint Corp. as Vice President of Operations in January 2017.~~ has held the following positions during the prior 5 years:

<u>Employer</u>	<u>Location</u>	<u>Title</u>	<u>Period of Time</u>
<u>The Joint Corp.</u>	<u>Phoenix, AZ</u>	<u>SVP of Operations</u>	<u>Sep 2021 to present</u>

<u>Employer</u>	<u>Location</u>	<u>Title</u>	<u>Period of Time</u>
<u>The Joint Corp.</u>	<u>Phoenix, AZ</u>	<u>VP of Operations</u>	<u>Jan 2017 to Sep 2021</u>

Dr. Steven Knauf – Vice President of Chiropractic and Compliance

~~Dr. Knauf has served as our Vice President of Chiropractic and Compliance since May 2022. Prior to that, Dr. Knauf served as our Executive Director of Chiropractic and Compliance (August 2020 to May 2022), Director of Chiropractic and Compliance (January 2017 to July 2020) and Senior Doctor of Chiropractic (July 2015 to January 2017).~~ Knauf has held the following positions during the prior 5 years:

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

Matthew E. Rubel – Lead Director

~~Mr. From August 2017 to the present,~~ Rubel has held the following positions during the prior 5 years:

<u>Employer</u>	<u>Location</u>	<u>Title</u>	<u>Period of Time</u>
<u>The Joint Corp.</u>	<u>Phoenix, AZ</u>	<u>Lead Director</u>	<u>Aug 2017 to present</u>
		<u>Director</u>	<u>Jun 2017 to Aug 2017</u>
<u>Holley Performance Products</u>	<u>Bowling Green, KY</u>	<u>Executive Chairman</u>	<u>Apr 2021 to present</u>
<u>MidOcean Private Equity Consumer Group</u>	<u>Dallas, TX</u>	<u>Chairman</u>	<u>Jul 2018 to present</u>
<u>KidKraft</u>	<u>Dallas, TX</u>	<u>Chairman</u>	<u>Jul 2018 to Jun 2023</u>

~~Mr. Rubel has served as the Lead Director for The Joint Corp. Mr. Rubel served as a director for The Joint Corp. since June 2017. From April 2021 to present, Mr. Rubel has served as Executive Chairman of Holley Performance Products in Bowling Green, Kentucky. From July 2018 to present, Mr. Rubel has served as Chairman of MidOcean Private Equity Consumer Group and Chairman of KidKraft in Dallas, Texas.~~

Ronald DaVella – Director

~~Mr. Mr. DaVella became a member of the Board of Directors for The Joint Corp. in November 2014. From June 2022 to present, Mr. DaVella has served as Financial Advisor and Board Member for Universal Health Group in Tampa, Florida. From June 2022 to present, Mr. DaVella has served as Financial Advisor for Multiomics in San Diego, California. From July 2022 to present, Mr. DaVella has served as Financial Advisor for Industrial Succession Corp. in Anaheim, California. From April 2020 to present, Mr. DaVella has served as COO and CEO of AURA Ventures in Las Vegas, Nevada. From April 2019 to January 2020, Mr. DaVella served as the VP of Finance of The Alkaline Water Co. in Scottsdale, Arizona. From May 2017 to March 2019, Mr. DaVella served as Chief Financial Officer of NanoFlex Power Corp. in Scottsdale, Arizona. From August 2015 to February 2019, Mr. DaVella was the owner of Katherine's Lashes, LLC in Chandler, Arizona, which is a franchisee of Amazing Lash Studios. During the prior 5 year period, Mr. DaVella has also served on the boards of various other companies, including: (a) Delta Dental of AZ in Phoenix, Arizona (Member and Director since August 2020); (b) Mobile Holding Properties, LLC in Atlanta, Georgia (Board Member and Director since November 2020); (c) NorthStar Security Holdings in Phoenix, Arizona (Board Member and Director since January 2021); and (d)~~

~~AURA Ventures in Las Vegas, Nevada (Chairman of Strategic Advisory Board since April 2020).~~

James Amos – Director

~~Mr. Amos became a member of the Board of Directors for The Joint Corp. in September 2015. Mr. Amos has served on the Board of Mortgage Contract Services in Flower Mount, Texas since January 2017. From February 2015 to July 2017, Mr. Amos served as the President and CEO of the National Center for Policy Analysis in Dallas, Texas. From February 2014 to the present, Mr. Amos has served as Principal of Eagle Alliance Investments, LLC in Dallas, Texas. From February 2009 to the present, Mr. Amos has been the Chairman of Agile Pursuits franchising a wholly owned subsidiary of Procter and Gamble, in Cincinnati, Ohio. From January 2001 to present, Mr. Amos has also served on the Board of Directors for the International Franchise Association in Washington, D.C.~~

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

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

Suzanne M. Decker – Director

~~Ms. Decker became a member of the Board of Directors for The Joint Corp. in May 2017. Since April 2022, Ms. Decker has served as a Consultant and Advisor for Bond Vet in New York, New York. Ms. Decker served as a Board Member for Refresh Mental Health in Jacksonville, Florida from January 2021 to February 2022. From June 2015 to December 2022, Ms. Decker held various positions with Aspen Dental Management Inc. (ADMI) in East Syracuse, New York, including: (a) Executive Program Sponsor (April 2021 to December 2022); (b) Chief Human Resources Officer (April 2017 to April 2021); and (c) Senior Vice President of Human Resources (June 2015 to April 2017).~~

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

<u>Employer</u>	<u>Location</u>	<u>Title</u>	<u>Period of Time</u>
<u>The Joint Corp.</u>	<u>Phoenix, AZ</u>	<u>Director</u>	<u>May 2017 to present</u>

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

Abe Hong – Director

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

<u>Employer</u>	<u>Location</u>	<u>Title</u>	<u>Period of Time</u>
The Joint Corp.	Phoenix, AZ	Director	Jun 2018 to present
Learning Care Group	Novi, MI	Executive VP & Chief Technology Officer	Sep 2021 to present
Technogent	Scottsdale, AZ	Executive VP & COO	Jun 2020 to Sep 2021
Self Employed	Scottsdale, AZ	Consultant	Feb 2020 to present
Discount Tire	Scottsdale, AZ	Executive VP & Chief Information Officer	Aug 2017 to Feb 2020

Jefferson Gramm - Director

Mr.

Mr. Hong became a member of the Board of Directors for The Joint Corp. in June 2018. Mr. Hong has served as the Executive Vice President & Chief Technology Officer for the Learning Care Group headquartered in Novi, Michigan since September 2021. Prior to this, Mr. Hong was the Executive Vice President and Chief Operating Officer of Technogent from June 2020 to September 2021 in Scottsdale, Arizona. Mr. Hong has also served as the Executive Vice President and Chief Information Officer of Discount Tire in Scottsdale, Arizona from August 2017 to February 2020. Since February 2020, Mr. Hong has also been self-employed as a consultant.

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

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

Glenn Krevlin- Director

Mr.

Mr. Krevlin became a member of the Board of Directors for The Joint Corp. in May 2019. Since January of 2001, Mr. Krevlin has served as Founder and Managing Partner of GLENHILL Capital Advisors in New York, New York.

*All references above to positions with The Joint Corp. are located at Scottsdale, Arizona.

Item 3

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

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

~~Item 2~~ ITEM 3 LITIGATION

Carmel Mountain et al. v. The Joint ~~-(Case No. 01-15-0004-1604 (arbitration demand filed on)~~

On July 7, 2015; ~~dismissed with prejudice on December 20, 2016).~~

~~Six~~, a Demand for Arbitration was filed against us in California by the following former and/or current franchisees (~~☐~~ Carmel Mountain The Joint Enterprises, Inc., ~~Carmel Valley The Joint Enterprises, Inc., Carmel Valley The Joint Enterprises, Inc.,~~ Funny Bones, LLC, Global Family Enterprises, LLC, Menifee The Joint Enterprises, Inc., Poway The Joint Enterprises, Inc., R&D Management Solutions, LLC, Rancho Bernado The Joint Enterprises, Inc., Timothy Reed and Jamey Jacquemond, Santee The Joint Enterprises, Inc., SJD Corp., Solano Beach The Joint Enterprises, Inc., and Southern California The Joint Enterprises, Inc., ~~Claimants~~) ~~filed a Demand for Arbitration against~~ (“~~Claimants~~”). ~~The Joint Corp. alleging~~ Claimants alleged breach of contract, breach of implied covenant of good faith and fair dealing, wrongful termination, fraud, promissory fraud, negligent misrepresentation, and claims under or arising out of violations of Section 31300, 31301, 31201 and 31202 of the California Franchise Investment Law. ~~The Joint Corp. We~~ vigorously denied liability for all of ~~Claimants'~~ claims and asserted counterclaims against each Claimant for breach of contract, and breach of guaranty, among other claims, and sought a declaratory judgment that termination was proper because Claimants failed to adhere to the development schedules in their respective franchise agreements. ~~The Joint Corp., through its~~ Through our counterclaim, we sought damages for each unopened license, in accordance with the terms of the parties' franchise agreements. ~~The~~ On December 12, 2016, the parties entered into a settlement agreement ~~dated December 12, 2016, in which they each~~ whereby all parties disclaimed any liability ~~as to the respective claims and counterclaims, or wrongdoing~~ and mutually agreed that it was in their best interests to resolve their differences through settlement rather than arbitration. ~~Under the terms of the settlement, The Joint Corp. we~~ agreed to ~~the following: 1) to: (a)~~ pay ~~the~~ Claimants the sum of \$800,000, \$600,000 of which was paid by ~~our~~ The Joint Corp.'s insurance carrier and \$100,000 of which was paid through the issuance of \$100,000 worth of shares of common stock in The Joint Corp. to Claimants and their counsel; and ~~2) to: (b)~~ waive, for a limited time, the transfer fees that would otherwise be due to ~~us~~ The Joint Corp., if the Claimants elect to sell any of their currently-operating franchises. ~~The parties also agreed to exchange mutual general releases. The arbitration was subsequently dismissed with prejudice, based on the parties' stipulation, on December 20, 2016.~~

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

Item 4

~~Item 3~~ ITEM 4 BANKRUPTCY

On May 31, 2014, Eric J. Simon, our Vice President of Franchise Development, filed as an individual for protection under Chapter 7 of the U.S. Bankruptcy Code (U.S. Bankruptcy Court, Eastern District of Virginia, Case No. 14-12082-RGM) ~~on May 31, 2014~~, due to the closing of a restaurant in San Diego, ~~CA~~ California and the resulting inability to make payments on an associated lease agreement. The case was discharged on September 15, 2014.

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

Item 5

Item 4 ITEM 5 INITIAL FEES

Deposit

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

Initial Franchise Fees:

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

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

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

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

Initial Application Fee

~~You must sign an Letter of Intent (“LOI”) (attached as Exhibit M), and pay an Initial Application Fee of \$10,000,~~

~~which will be fully credited against your Initial Franchise Fee, and pay the balance of your Initial Franchise Fee when you sign your Franchise Agreement. As stated in the LOI, the Initial Application Fee is non-refundable if your application is approved, and if at the end of the LOI term you do not for any reason timely satisfy any of our written conditions for final approval or otherwise refuse to accept a Location Franchise that we may offer you. The Initial Application Fee is uniformly imposed.~~

Clinic Design Fee

~~You must pay our then current Clinic Design Fee to prepare an initial clinic floor plan. Payment is due when you sign your Franchise Agreement. The current Clinic Design Fee is \$1,000 in connection with your purchase of a new The Joint Chiropractic franchise. This fee is not refundable and uniformly imposed. However, in 2022 we reduced the Clinic Design Fee to \$250 on one occasion.~~

Payment of Fees

~~The initial fees disclosed above are fully earned and non-refundable in all or in part in consideration of administrative and other expenses incurred by us in entering into the Franchise Agreement and for our lost or deferred opportunity to enter into the Franchise Agreement with others. There is no financing available from us for the payment of the initial fees listed above. We reserve the right to modify the initial fees in the future to reflect the changing costs of doing business and changes in the value of a Location Franchise.~~

Item-6

After you send us completed pre-construction forms and “as-built” drawings of the existing premises to be developed as your Clinic, we prepare and send you a design plan for your Clinic that includes a floor plan, flooring specifications, ceiling specifications and building specifications (including location of walls, counters, retail displays, fixtures and equipment) (a “Clinic Design”). At the time you sign the Franchise Agreement, you pay us a clinic design fee of: (a) \$1,000 if you are opening a new Clinic; or (b) \$600 if you are renewing your franchise rights for an existing Clinic and we require an updated Clinic Design for your Clinic. If we send you a Clinic Design and you request changes, you pay us an additional \$500 clinic design fee for each revised Clinic Design we prepare, which would be due 10 days after invoicing. The clinic design fee is uniformly imposed. However, in 2023 we discounted the design fee from \$1,000 to \$250 in one instance.

Imputed Royalty Fee (for delayed openings)

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

Development Fee

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

~~Item-5~~ ITEM 6 OTHER FEES

Fee (1), (2) TYPE OF FEE ¹	Amount <u>AMOUNT</u> ²	DUE DATE	REMARKS
Royalty Fee	<p>Greater of (a) 7% of weekly Gross Revenues with a monthly minimum of Sales or (b) \$700 (3) per month</p> <p><u>Greater of (a) 7% of weekly Gross Revenues with a monthly minimum of Sales or (b) \$700 (3) per month</u></p>	<p>Collected on the 1st and 16th day of each month, or the next business day if the 1st or 16th fall on a weekend or holiday.</p> <p><u>Collected on the 1st and 16th day of each month, or the next business day if the 1st or 16th fall on a weekend or holiday.</u></p>	<p>Based on weekly Gross Revenues (3). You are obligated to pay us the minimum Royalty Fee of \$700 30 days after you open your Franchise for business, or 30 days after your Opening Deadline, whichever occurs first. Minimum royalty fee begins 30 days after earlier of Clinic's Required Opening Date or actual opening date. Our reporting periods run from (a) the 1st through 15th day of the month (with royalty due on 16th) and (b) the 16th through end of the month (with royalty due on 1st day of following month). We may change the reporting period and royalty fee due date upon 30 days' prior notice. You must provide us with Gross Sales reports on each royalty fee due date.</p> <p><u>Based on weekly Gross Revenues (3). You are obligated to pay us the minimum Royalty Fee of \$700 30 days after you open your Franchise for business, or 30 days after your Opening Deadline, whichever occurs first. Minimum royalty fee begins 30 days after earlier of Clinic's Required Opening Date or actual opening date. Our reporting periods run from (a) the 1st through 15th day of the month (with royalty due on 16th) and (b) the 16th through end of the month (with royalty due on 1st day of following month). We may change the reporting period and royalty fee due date upon 30 days' prior notice. You must provide us with Gross Sales reports on each royalty fee due date.</u></p>
Contribution to the Company's Advertising Fund <u>Brand Fund Fee</u>	<p>Currently 2% of weekly Gross Revenues (may be increased to a maximum of 3% of weekly Gross Revenues after 30 days prior written notice) Up to 3% of Gross Sales (currently 2%)</p> <p><u>Currently 2% of weekly Gross Revenues (may be increased to a maximum of 3% of weekly Gross Revenues after 30 days prior written notice) Up to 3% of Gross Sales (currently 2%)</u></p>	<p>Collected on the 1st and 16th of each month, or the next business day if the 1st or 16th fall on a weekend or holiday. Same as royalty fee</p> <p><u>Collected on the 1st and 16th of each month, or the next business day if the 1st or 16th fall on a weekend or holiday. Same as royalty fee</u></p>	<p>Based on weekly Gross Revenues (3). You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of marketing materials, or the amount of the brand fund fee. We may increase the brand fund fee up to 3% of Gross Sales upon 30 days' prior notice.</p> <p><u>Based on weekly Gross Revenues (3). You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of marketing materials, or the amount of the brand fund fee. We may increase the brand fund fee up to 3% of Gross Sales upon 30 days' prior notice.</u></p>

Fee (1), (2) TYPE OF FEE ¹	Amount <u>AMOUNT</u> ²	DUE DATE	REMARKS
Local or Regional Advertising Cooperatives <u>C</u> <u>ommitment</u>	<u>Greater of (a) 5% of Gross Sales or (b) \$3,000 per month</u> Varies without limitation; based on a vote of the cooperative	<u>As required by the cooperative</u> <u>Monthly</u> <u>as incurred</u> <u>(paid to third parties)</u>	The amounts contributed to the Advertising Cooperative may be applied towards the Local Market Advertising requirement. Each clinic in the cooperative has 1 vote. If we own the majority of clinics in a cooperative and we intend to change the fee imposed by the cooperative, we will need at least 2 other franchisees in the cooperative (or 1 other franchisee if less than 2 franchisees in operation in the cooperative) to vote in favor of the fee change. <u>This is the minimum amount you must spend on advertising and marketing in your local market to promote your Clinic (the "Local Advertising Commitment"). This expenditure is in addition to the brand fund fee. We measure your compliance on a rolling 6-month basis. If you fail to spend the required amount we may charge you an amount equal to 10% of the deficiency and deposit that amount into the Brand Fund.</u>
Minimum Local <u>Cooperativ</u> <u>e</u> Advertising Requirement <u>Fe</u> <u>e</u>	\$3,000 or 5% of your monthly Gross Revenues whichever is greater <u>Amount set by us or cooperative</u>	Paid to approved vendors before the 10th day of the month following the month of reference. <u>Same as royalty fee</u>	Based on monthly Gross Revenues (3). See Note 3.
Interest <u>Technology Fee</u>	<u>Varies. Lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of 18% per annum.</u> <u>(currently \$599 per month; may increase to \$799 per month on 30 days' notice)</u>	<u>From the date payments are due, and continues until outstanding balance and accrued interest are paid in full</u> <u>5th day of each month, or as we otherwise specify</u>	Charged on any late payments of Royalty Fees, contributions to the Company's advertising fund, amounts due for product purchases, or any other amounts due our affiliates or us. <u>This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating / managing relationships with third-party licensors. It does not include amounts you pay to third-party suppliers. Our current technology fee covers a license to use our office management software as well as AXIS, FranConnect, MicroStrategy and email.</u>

Fee (1), (2) TYPE OF FEE ¹	Amount <u>AMOUNT</u> ²	DUE DATE	REMARKS
<u>Training Fee</u> <u>Audit Expenses</u>	Cost of audit and inspection, plus any reasonable accounting and legal expenses <u>Up to \$1,000 per person per day</u> <u>(plus Travel Expenses for onsite training)</u>	On demand <u>10 days after invoice</u>	Payable if you fail to timely input financial data in the Office Management Program or fail to submit required reports. Also applies if an audit reveals you have understated Gross Revenues by at least 2% for any period of time. We do not charge training fees for online training. We may charge the training fee for all other training we provide after the Clinic opens.
Fee for Sale of Prohibited Products or Services <u>Conference Registration Fee</u>	\$100 per day administrative fee plus the associated royalty fees due and any costs incurred by us <u>Up to \$1,000 per person per day</u>	10 days after invoice <u>As incurred</u>	Payable if you use, sell or distribute non-authorized products or services in your Location—Franchise. <u>We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver, you must pay the conference registration fee despite your non-attendance.</u>
Computer System/Software Fee (4) <u>Program Fees</u>	An amount set by us. Currently \$599 (but may be increased up to \$799 after 30 days prior written notice). <u>Varies (not currently charged)</u>	Monthly <u>10 days after invoice or as we otherwise specify</u>	Payable to cover the monthly cost of computer software and programs, and updates, necessary to operate your franchise. <u>You must participate in any loyalty, membership and/or gift card program we establish and pay all associated program contributions and fees we require in order to implement and administer these programs. These amounts are paid to us or a third party we designate.</u>
Product and Service Purchases <u>(5) Call Center Program</u>	Vary depending on the product and service. <u>Reasonable setup and monthly fees charged by service provider or us, if we administer call center (not currently imposed)</u>	As incurred <u>10 days after invoice or as we otherwise specify</u>	Payable for products and services you purchase from us and/or our affiliates. <u>Imposed if we choose to administer a call center. If a third party administers the call center, you pay fees directly to the third-party provider unless we choose to collect the fees from you and remit them to the provider.</u>

Fee (1), (2) TYPE OF FEE ¹	Amount <u>AMOUNT</u> ²	DUE DATE	REMARKS
<p>Ongoing Product Purchases Training Fee</p>	<p>Up to \$1,000 per day (plus reimbursement of expenses for onsite training) Varies depending on item purchased</p>	<p>As invoiced 10 days after invoice</p>	<p>We may require that you attend periodic ongoing training programs. You may also request that we provide additional training (we are not required to provide this training). We may charge the ongoing training fee for any ongoing training we provide. If we agree to provide onsite training, you must also reimburse us for all reasonable expenses we incur, such as for travel, meals and lodging. You are responsible for all costs you incur (including travel, meals, lodging, wages, etc.) for any of your personnel that attend training. We or our affiliate may serve as a System supplier for certain goods or services you must purchase. If this occurs, we will provide you with a price list upon request.</p>
<p>Owners Meeting Fee New Product or Supplier Testing</p>	<p>Up to Cost of testing (estimated to \$1,000 range from \$500 to \$2,000 per day test)</p>	<p>As invoiced 10 days after invoice</p>	<p>We may require that the franchise owners attend periodic franchise owner meetings. We may charge you the owners meeting fee for each owner that attends. You are responsible for all costs you incur for travel, meals and lodging. This covers the costs of testing new products or inspecting new suppliers you propose.</p>
<p>Insurance (6) Clinic Design Fee</p>	<p>Amount of unpaid premiums and related costs, administrative fees and late charges \$1,000 to prepare new Clinic Design \$600 to prepare Clinic Design for remodel mid-term or upon renewal \$500 to modify existing Clinic Design</p>	<p>On demand 10 days after invoice</p>	<p>Payable if you fail to maintain required insurance coverage and we obtain coverage for you. If you remodel, relocate, upgrade or otherwise alter the design of your Clinic, we will prepare a new Clinic Design and you must pay us the fee for each Clinic Design we prepare or modify. The fee is reduced to \$600 for a new Clinic Design prepared at time of franchise renewal or to a mid-term remodel. We may require that you spend at least \$20,000 every 4 years to remodel, redecorate, refurbish or expand your Clinic.</p>
<p>Renewal Relocation Fee</p>	<p>\$2,500 25% of the then current Initial Franchise Fee</p>	<p>Upon renewal 7 days after we issue acceptance of new site</p>	<p>Payable upon renewal of the Franchise Agreement. Imposed if we approve your request to relocate your Clinic. You must also pay the Clinic Design Fee for the new Clinic Design.</p>

Fee (1), (2) TYPE OF FEE ¹	Amount <u>AMOUNT</u> ²	DUE DATE	REMARKS
Remodeling, expansion, redecorating or refurbishing costs <u>Renewal Fee</u>	At least \$20,000 every 4 years <u>25% of then-current initial franchise fee</u>	At time you sign <u>renewal franchise agreement</u> <u>As incurred</u>	Payable directly to vendors when you remodel, expand, redecorate or refurbish your Location Franchise. <u>Imposed if you renew your franchise rights by signing a renewal Franchise Agreement. Fee is calculated based on the standard initial franchise fee for a new Clinic without taking into account any discounts that might otherwise apply.</u> <u>If you acquire your Clinic as a result of a Transfer and you elect to sign a new Franchise Agreement for a full 10-year term (as opposed to assuming the seller's remaining term), you must pay us a pro-rated renewal fee for the difference between the 10-year term and the seller's remaining term.</u>
Clinic Design <u>Transfer Fee</u> (7)	<u>[/If Transfer completed/ \$2,500, \$600, 5,000 or \$1,000 15,000 depending on type of Transfer</u>	<u>Before Transfer (or 10 days after invoice if Transfer is not completed)</u> <u>Upon demand and always prior to commencement of our Clinic Design for you</u>	Amount varies depending on project. <u>The transfer fee is (a) \$2,500 for a completed Permitted Transfer, (b) \$5,000 for a completed Transfer of ownership to the Clinic's DC under our DC Path to Ownership Program, (c) \$15,000 for all other completed Transfers or (d) the lesser of \$5,000 or the actual costs we incur to evaluate a proposed Transfer and transferee for any Transfer that is not completed. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.</u>
Transfer Fee (8)	<u>\$15,000[/If Transfer not completed/ Lesser of (a) \$5,000 or (b) expenses we incur to evaluate the transfer</u>	<u>Before transfer completed</u>	Applies to any transfer of the Franchise Agreement or any change of ownership of the franchisee. A "Permitted Transfer" is any transfer of an ownership of less than 5% or any transfer of an interest by an owner to an immediate family member or related trust, unless the transfer results in a new person owning a controlling interest.
Transfer Fee for DC Path to Ownership Program <u>Reimbursement of Inspection Costs</u>	<u>\$5,000 All Travel Expenses and other costs we incur to travel to and inspect your Clinic</u>	<u>Before transfer is completed 10 days after invoice</u>	Specifically for when a franchisee sells their clinic to their DC <u>Imposed if we inspect your Clinic to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.</u>
Relocation <u>Audit Fee</u> (9)	<u>An amount set by us, currently \$2,500 Actual cost of audit (including Travel Expenses for audit team)</u>	<u>Before relocation is completed 10 days after invoice</u>	Applies to any relocation of the Location Franchise in the same market and as approved by us. <u>Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 2% or more.</u>

Fee (1), (2) TYPE OF FEE ¹	Amount <u>AMOUNT</u> ²	DUE DATE	REMARKS
Management Late Fee (10)	Commercially reasonable fee plus reimbursement of expenses \$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	As incurred 10 days after invoice	Payable if we manage your Clinic. If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of \$35 per incident. Default interest is limited to 10% per annum in California.
Supplier review Noncompliance fee	Our reasonable costs of inspection and actual cost of test \$100 per incident	As invoiced Upon demand	If you propose a new supplier or product for our approval, we may charge you the supplier review fee. Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports or selling unauthorized goods or services) and do not cure within the time period we require. We may impose an additional \$100 fee every 24 hours the noncompliance issue remains uncured after we impose the initial fee.
Legal Costs and Attorney's Fees Default Reimbursements	All legal costs and attorneys' fees incurred by us we incur to cure your default	10 days after invoice As incurred	Payable if we must enforce the Franchise Agreement, or defend our actions related to, or against your breach of, the Franchise Agreement. If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to: maintain required insurance; pay suppliers; meet quality or safety standards; or de-identify after franchise agreement is terminated or expires).
Management Fee Indemnification	All amounts (including attorneys' fees) incurred by us or otherwise required to be paid Commercially reasonable management fee plus Travel Expenses	As incurred 10 days after invoice	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of your franchise. We can designate a person to manage your Clinic (a) if you fail to appoint a new Managing Owner within 30 days after former Managing Owner ceases to perform, (b) while you are in default (but only after cure period expires) or (c) after expiration or termination of the Franchise Agreement while we decide whether to exercise our purchase option. The management fee will not exceed the greater of (a) 10% of Gross Sales generated during period of time our designee manages the Clinic or (b) \$300 per day.

Fee (1), (2) TYPE OF FEE ¹	Amount AMOUNT ²	DUE DATE	REMARKS
Indemnification De-Identification	All amounts incurred by us Amount of our damages, losses or expenses	As incurred 30 days after invoice	Payable if we de-identify the franchise upon its termination, relocation, or expiration. You must indemnify and reimburse us for all damages, losses or expenses we incur due to your operation of the Clinic or breach of the Franchise Agreement.
Overdraft Fee Attorneys' Fees and Costs	\$35 per incident Amount of attorneys' fees and costs we incur	Upon demand As incurred	Payable if a check for payment is not honored by the bank upon which it is drawn (or the maximum fee as permitted by law) You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Termination Fee (11) Liquidated Damages	50% of then-current Initial Franchise Fee, plus our attorneys' fees and costs Varies (See Note 4)	On demand 30 days after invoice	If you or Imposed if we terminate due to your franchise before your franchise term expires. default or you terminate in any manner not permitted by the Franchise Agreement.

The tables above and accompanying notes describe the nature and amount of all other fees that you must pay to us or our affiliates, or that we or our affiliates impose or collect in whole or in part for a third party, whether on a regular periodic basis or as infrequent anticipated expenses, in carrying on your Location Franchise:

Explanatory Notes:

- (1) ~~Except for some product and service purchases and advertising cooperative payments, all fees are uniform, and are imposed by, collected by, and payable to us. We have in the past, and may in the future, waive or defer some of the fees set forth in the table. However, we will not do so unless we determine in our sole and absolute discretion that it is in the best interest of the franchise system as a whole. All fees are non-refundable.~~
- (2) ~~You must pay all amounts due to us by automatic debit. After you sign the documents we require to debit your business checking account automatically for the amounts due, we will debit your bank account for the Royalty Fee, Advertising Fee, and other amounts you owe us, including administrative fees. You must make funds available for withdrawal from your account before each due date.~~
 - ~~If you do not report accurately your Location Franchise's gross revenues for any week, then we may debit your account for 120% of the Royalty Fee and Advertising Fee amounts that we debited during the previous week. If the Royalty Fee and Advertising Fee amounts we debit are less than the Royalty Fee and Advertising Fee amounts you actually owe us (once we determine the franchise's actual gross revenues for the week), then we will debit your account for the balance on the day we specify. If the Royalty Fee and Advertising Fee amount we debit is greater than the Royalty Fee and Advertising Fee amount you actually owe us, then we will credit the excess amount, without interest, against the amount we otherwise would debit from your account during the following week.~~
- (3) ~~"Gross revenues" means the total of all revenue and receipts derived from the operation of the franchise, including all amounts received at or away from the Location Franchise, or through the business the~~

Location Franchise conducts (such as fees for chiropractic care, fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the franchise actually makes. For Franchisees that operate as the management company for a P.C. and any of its clinics under a Management Agreement, "gross revenues" is the total of all revenue and receipts derived from the operation of the Location Franchise, before any reductions related to the total amount of any chargebacks, collections, credit card or payment disputes, or other customer debts, and also includes all revenues and receipts of the P.C. and any of its clinics, even if those revenues are not recognized on your books.

- ~~(4) The monthly charge of our proprietary office management software, and other required software necessary to operate your franchise, is currently \$599. We reserve the right to increase this fee up to \$799 after giving you 30 days prior written notice. This fee allows the Franchisee to access the contents of our site and resources and to use our proprietary PCI-compliant software.~~
- ~~(5) In addition to products and services that you are required to purchase from us, we or our affiliates may offer you products and services to assist you in connection with the operation of your franchise. Some of these services are included as part of the initial franchise fee (such as site location assistance) while others are currently free (such as assistance with recruiting and/or HR services). However, we or our affiliates, as applicable, may charge you a fee if you choose to use us or our affiliates in connection with other optional services. The optional service fee would not exceed \$1,000 per day.~~
- ~~(6) If you fail to pay the premiums for insurance required to operate your franchise, including but not limited to, general or professional liability insurance, or to include us as an additional insured on such insurance, we may obtain such insurance coverage for you and you will be required to reimburse us within 10 days of receipt of a demand for reimbursement from us, together with a \$500 administrative fee per event, and any other fees, including attorneys' fees, incurred by us. We will have the right to debit your account the amounts owed to us for such premiums and fees if you fail to pay us within 10 days of our request for reimbursement.~~
- ~~(7) If you renew your franchise rights, you must pay us \$600 Design Fee for any changes in the clinic's general design. In all other situations, the Design Fee currently is \$1,000. If we prepared the design for the clinic (for which you already paid our Design Fee) and you want to change any aspect of the design, you must pay us an additional \$500 for each change in the design plans. In all instances, the Design Fee is non-refundable.~~
1. (8) You must reimburse us for reasonable expenses incurred by us in investigating and processing any proposed new owner where a transfer is not finalized, for any reason, and you will be responsible for all expenses we incur including but not limited to attorneys' fees we incur, up to a total of \$5,000. If you are in default of your Franchise Agreement, or any other agreement with us, we may deny you the right to transfer the License and/or in addition to the Transfer Fee, should we permit the transfer, we may require you to pay any amounts we deem necessary, in our sole discretion, to cure the default(s), provided that the default(s) is/are curable. For transfers of an ownership interest of less than 5% or transfers of any ownership interest to a spouse, child, sibling, or parent, or a trust or similar entity, which do not result in creation of a controlling ownership stake, you must pay an administrative fee of Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you pay the cooperative advertising fee directly to your advertising cooperative (we may instead require you to pay this fee to us, in which case we will remit the fee to the cooperative on your behalf); and (b) you spend the Local Advertising Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "F") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than

fees due less than 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you. You do not pay us any fees in exchange for the referral of patients.

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

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

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

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

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

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

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

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

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

“**Technology Systems**” means all information and communication technology systems we require franchisees to acquire and utilize from time to time, such as computer systems, point-of-sale systems,

electronic health records management systems, medical records management systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

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

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

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

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

~~\$2,500 (which is paid in lieu of the \$15,000 transfer fee). You may not transfer or sell an unopened License unless we permit the transfer or sale in writing, and in accordance with the terms of your franchise agreement.~~

~~(9) Any Location Franchise relocation site needs to be approved by the Company in the same manner as the approval of the Location Franchise’s initial site and must be within the same trading areas as the previous Clinic location, as same is determined by us in our sole and absolute discretion. The relocation fee is due to the Company within a week after the site approval by the Company.~~

~~(10) If the franchise owners dies or becomes permanently disabled, the owner’s interest must be transferred in accordance with the Franchise Agreement. While the transfer is pending, we have the option to manage and operate the Clinic on your behalf for up to 12 months. In addition, if you are in default and we have the right to terminate your franchise, we have the option to manage and operate the Clinic on your behalf for up to 24 months. If we manage your Clinic, you must reimburse us for all expenses that we incur.~~

including travel, lodging and living expenses. In addition, we may charge you a commercially reasonable management fee for the management services rendered. The management fee will be a flat monthly fee that is reasonable in light of the services to be performed and the management rate typically paid in your market for a comparable position.

- ~~(11) You must pay the termination fee, plus any costs and attorneys' fees incurred by us, if you improperly attempt to terminate or close your Location Franchise or Franchise Agreement before your term expires, or we terminate your Franchise Agreement for any reason set forth in the Franchise Agreement. We may also recover from you any damages suffered by us (e.g., lost future revenues) resulting from your improper or wrongful termination of the franchise. Termination fees may be unenforceable in certain states.~~

Item 7

Item 6 ITEM 7 ESTIMATED INITIAL INVESTMENT

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

YOUR ESTIMATED INITIAL INVESTMENT [*] <u>(SINGLE CLINIC)</u>					
TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Initial Franchise Fee (1) ²	\$39,900	\$39,900	Lump sum	Upon Signing At time you sign Franchise Agreement	Us
<u>Training Expenses</u> ³	<u>\$2,500 to \$5,000</u>		<u>As incurred</u>	<u>During training</u>	<u>Hotels, restaurants and airlines</u>
Security and Lease & Utility Deposits (2) ⁴	<u>\$3,700 to \$5,800</u>	\$5,800	As agreed <u>incurred</u>	Before opening	Landlord and or utility companies
Base Lease Rent 3 months (3) <u>3 Months' Rent</u> ⁵	\$9,000	<u>\$9,000 to \$27,000</u>	As agreed <u>Lump sum</u>	<u>Monthly As agreed</u>	Landlord
Clinic Design Fee	\$1,000	\$1,000	Lump S <u>sum</u>	Upon signing the <u>At time you sign</u> Franchise Agreement	Us
Architectural <u>Architect</u> <u>Fee</u>	\$8,500	<u>\$8,500 to \$20,000</u>	As agreed <u>incurred</u>	Before opening	Architect

YOUR ESTIMATED INITIAL INVESTMENT [*]					
<u>(SINGLE CLINIC)</u>					
TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT is to be <u>IS TO BE</u> MADE
	Low	High			
Leasehold Improvements (4) <u>Construction</u> ⁶	\$63,600	\$63,600 to \$225,000	As agreed <u>incurred</u>	Before opening	Landlord or construction contractors <u>Contractors and/or landlord</u>
Signage (5) ⁷	\$5,600 to \$9,000		\$9,000 As <u>Lump sum</u>	Before opening	<u>Suppliers</u> Vendors
Office Equipment, including furniture and fixtures (6) <u>Technology Systems</u> ⁸	\$5,000 to \$11,000		\$7,000 As <u>Lump sum</u>	Before opening	Vendors <u>Suppliers</u>
Chiropractic or other & <u>Other Professional Equipment</u> ⁹	\$7,000	\$7,000 to \$22,500	As Agreed <u>Lump sum</u>	Before opening	<u>Suppliers</u> Vendors
<u>Office Furniture & Equipment</u> ⁹	\$5,000 to \$7,000		<u>As incurred</u>	<u>Before opening</u>	<u>Suppliers</u>
Computer Hardware, Tablets, Software, Supplies and Installation (7) <u>Uniforms and Office Supplies</u> ¹¹	\$1,500 to \$3,000		\$10,000 As <u>Lump sum</u>	Before opening	Vendors and us for Office Management Software <u>Suppliers</u>
Business Licenses and Permits (8) ⁽¹⁾	\$750 to \$1,800		\$3,800 As <u>Lump sum</u>	Before opening	Governme ntal <u>agencies</u>

YOUR ESTIMATED INITIAL INVESTMENT [*]						
<u>(SINGLE CLINIC)</u>						
TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT		WHEN DUE	TO WHOM PAYMENT is to be <u>IS TO BE</u> MADE
	Low	High				
<u>Chiropractor Credentialing</u> ⁽¹⁾	<u>\$200 to \$300</u>		<u>As incurred</u>		<u>Before opening</u>	<u>Suppliers</u>
Professional Fees and Services ⁽⁹⁾ ¹⁴	<u>\$3,000 to \$8,200</u>		\$6,200 <u>Lump sum</u>	As <u>agreed</u>	Before opening	Attorneys, accountants, and <u>other professionals</u>
<u>Grand Opening Advertising</u> ¹⁵	<u>\$20,000 to \$25,000</u>		<u>Lump sum</u>		<u>60 days before through 60 days after opening</u>	<u>Suppliers</u>
Insurance (10) <u>Premiums</u> ¹⁶	<u>\$2,000 to \$4,300</u>		\$8,000 <u>Lump sum</u>	As <u>agreed</u>	Before opening	Insurer <u>Insurance companies</u>
HIPAA Compliance ⁽¹¹⁾	\$300		\$3,000	As <u>Agreed</u>	Before <u>Opening</u>	Vendors
Chiropractor Credentialing ⁽¹²⁾	\$400		\$2,000	As <u>required</u>	Before <u>opening</u>	Vendors
Initial Training Expenses, including travel ⁽¹³⁾	\$2,500		\$5,000	As <u>agreed</u>	As <u>incurred</u>	Vendors

YOUR ESTIMATED INITIAL INVESTMENT [*]						
<u>(SINGLE CLINIC)</u>						
TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT <u>is to be</u> <u>IS TO BE</u> MADE	
	Low	High				
Start-up supplies— Uniforms, contracts, invoices, and other office supplies	\$1,250	\$2,000	As agreed	As incurred	Telephone company or other third party	
Local Advertising Fees— <u>Additional Funds</u> ¹⁷ (3 months)	\$975,000 to \$105,000		\$9,000	As incurred	Vendors <u>Suppliers, employees & us</u>	
Grand Opening (14) <u>Total Estimated Initial Investment</u> ¹⁸	\$14,000 <u>\$254,250 to \$520,800</u>		\$16,000	As agreed	As incurred	Vendors
Office Management Software Fee— 3 months	\$1,797	\$1,797	As agreed	As incurred	Us	
Additional Funds— 3 months (15)	\$30,000	\$55,000	As agreed	As incurred	Landlords, Vendors, Employees	
TOTAL ESTIMATED INITIAL INVESTMENT (16)	\$215,297	\$478,997				

Explanatory Notes:

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

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

Notes:

~~*These estimated initial expenses are our best estimate of the range of costs you may incur in establishing and operating your franchise. Our estimates are based on our experience (see Items 1 and 2), and our current requirements for Franchised Businesses. The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your franchise may be greater or less than the estimates given, depending upon the location of your franchise, specific cost structure and current relevant market conditions, especially those for occupancy costs, marketing expenses and labor costs. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels and the rate of sales growth that you are able to achieve during your initial phase of business operations and thereafter.~~

~~** None of the fees or costs paid to us listed in the table above are refundable.~~

~~(1) See Item 5 for more information about the Initial Franchise Fee for Location Franchises. This includes a credit of the \$10,000 Initial Application Fee paid when you sign the LOI.~~

~~(2) This estimate includes security deposits commonly required by the landlord and utility companies, but not your telecommunications service.~~

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

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

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

accommodations, travel and dining selected.

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

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

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

~~(3) We anticipate most Clinics will range in size from 1,000 to 1,400 square feet with rent payments may vary, depending upon your location, its size and your market’s retail lease rates and negotiated terms, ranging from \$3,000 to \$9,000 per month. We recommend that you lease a space of no less than 1,000 square feet with access to bathrooms, and provisions for telecommunication equipment and office furniture. We estimate your initial expenses for leasing space during the first three months may range from \$9,000 to \$27,000 depending on the size and location of the Location Franchise.~~

~~If you purchase instead of lease the Premises for your Location Franchise, then The estimate shown in the table above includes 3 months’ rent. Some franchisees may prefer to own the premises for their Clinic. The cost to purchase price, down payment, interest rates, and other financing terms will determine the amount of your monthly mortgage payments.~~

~~This real estate varies so widely that we cannot reasonably estimate does not include any construction allowances that may be offered by your landlord or presume a specific delivery condition. Building and construction costs will vary depending upon the condition of the Premises for the Location Franchise, the size of the Premises, and local construction costs. The estimate does not take into account any tenant improvement allowances or enhanced delivery conditions that may be given by the landlord the cost.~~

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

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

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

1.7. Signage: You must purchase your signage. The type and size of the signage you actually and install will be based upon the the signage we specify. However, you may need to modify our standard signage to conform to local zoning and laws, property use requirements and restrictions. There could be an occasion where signage is not permitted because of and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions. You may have the opportunity This estimates your

costs to purchase our minimum required signage. If you choose to purchase additional signs for signage, your location, which may increase your required initial investment for exterior signage may be higher.

8. You will need to Technology Systems: This estimates the cost to purchase and set up your Technology Systems, including your: computer hardware, tablets, software and supplies; music system (including music amp, player and speakers); TVs; and phones . It also includes the associated installation costs.

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

10. Office Furniture and Equipment: This estimates your costs to purchase office furniture for the operation of your Location Franchise, including (such as workstations and chairs,) file cabinets, and shelving, and an initial inventory of.

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

(4) See Item 11 for more details about computer systems and software.

(5) Business Licenses/Permits: You may ~~be required~~ need to obtain a business licenses from ~~the~~ a local government agency in order to operate ~~your Franchised Business and/or enter into a Management Agreement with a PC in those states that require a PC to own the chiropractic practice. We have estimated these costs or manage a Clinic. We estimate the cost for a business license will be between~~ range from \$750 and to \$1,800 just for business licenses depending upon the jurisdiction. Management agreements and affiliations with PCs and any associated legal and/or accounting or set-up fees are variable depending upon state laws and regulations and the negotiated arrangement with the PC.

12. You may incur legal fees, accounting fees and other professional fees in order to incorporate your business, set up a PC, review agreements relating to the operation of the franchise, to perform background checks and personality profiles of potential employees and medical professionals, and to perform all necessary tax filings and to set up a small business or a PC, including a general ledger, tax which the Clinic is located.

(6) Chiropractor Credentialing: You must obtain credentialing reports, payroll deposits, etc.

(7) ~~We estimate that your annual cost of insurance will range from \$4,000 to \$8,000. You must purchase all insurance necessary to operate your franchise, including but not limited to, professional liability insurance for on all chiropractors who work in or supervise each clinic, as outlined in our Manual. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies you purchase must name us and any affiliate we designate as additional insureds, and provide for 30 days' prior written notice to us of a policy's material modification or cancellation. If you fail to obtain or maintain the insurance we specify, we may (but need not) obtain the insurance for you and the Location Franchise on your behalf (see Item 6). The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment histories. Our insurance requirements are set forth in Item 8, and may be updated from time to time by way of updates to our Manual or other written communications.~~

(11) ~~HIPAA Compliance tools and resources to maintain HIPAA compliance at the Clinic at all times. The program with our vendor is a web-based product that provides all tools necessary to maintain HIPAA compliance, including employee training modules, templated policies and procedures and risk assessments.~~

~~3.13. (12) All chiropractors at your Clinic must be credentialed. You must obtain a credentialing report from our required vendor on every chiropractor that will provide~~ provide chiropractic services at the Clinic (including you, if you are a chiropractor). You must obtain updated credentialing reports on at least annually an annual basis (or more frequently if there are lawsuits, complaints, etc. involving the chiropractor). You must ~~provide~~ send us ~~with~~ copies of all credentialing reports ~~that~~ you obtain. The purpose of the credentialing reports is to ensure ~~that the chiropractor is~~ chiropractors are properly licensed and in good standing. The reports include background checks, education verification, license verification, liability insurance verification and ongoing monitoring of state board sanctions. You may not allow ~~any~~ a chiropractor to provide chiropractic services at the Clinic or access your computer system (or other ~~related franchise systems~~ Technology Systems) unless he or she has ~~an “approved clearance”~~ a “clean” credentialing report (as further described in the Manual). We estimate the cost of ~~the~~ a credentialing report will be approximately \$100 per report. You are solely responsible for obtaining these reports and paying the associated costs. This item estimates the costs for obtaining credentialing reports on the initial chiropractors who will provide chiropractic services at the Clinic.

~~(13) We estimate that your travel expenses for initial training will be \$2,500 to \$5,000. While the Company does not charge for training, the Franchisee is required to pay his transportation to and from our training site and pay for his/her living arrangements and food during the time of training. The Company estimates costs of \$250 per day, per person, for lodging, food and other miscellaneous expenses, plus travel expenses to and from Franchisee’s personal residence.~~

~~14. (14) You are required to spend a minimum of \$14,000 (excluding your Minimum Local Advertising Requirement and any pre-opening marketing expenses) in verifiable marketing costs to publicize the grand opening of your Clinic. You must spend this amount in accordance with the Manual during the 120-day period that begins 60 days prior to the opening of~~ Professional Fees: This estimates legal fees, accounting fees and other professional fees you may incur in order to:

- ~~assist you in reviewing this Disclosure Document and negotiating your Franchise,~~ and ends 60 days after the opening of your Franchise. Agreement
- advise you regarding Healthcare Laws applicable in your state to ensure your ownership structure and Clinic operations are compliant with Healthcare Laws
- incorporate your business, including forming a Chiropractic PC (if permitted by state law)
- review operational agreements and forms
- set up your books, records and accounts
- perform background checks and personality profiles of potential employees and Chiropractic Staff
- develop a business plan
- prepare budgets for the development and operation of your Clinic

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

~~4.15. Grand Opening Advertising: During the period beginning 60 days before opening through 60 days after opening, you must spend a minimum of \$20,000 on grand opening marketing activities in accordance with the Manual. The high estimate assumes you choose to spend more than the.~~ This amount does not include

(and is not credited towards) your Local Advertising Commitment. Your Local Advertising Commitment requires you to spend, at a minimum-required, an amount equal to the greater of (a) \$3,000 per month or (b) 5% of monthly Gross Sales on local advertising and marketing. The Local Advertising Commitment during your initial 3 months of operation is included under Additional Funds.

- ~~(15) — The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's draw or account for charges for their applied labor. The estimate of \$30,000 to \$55,000 is for a period of at least 3 months. The Company estimates that, in general, you should expect to put additional cash into the business until you achieve sales and incur operating expenses that allow you to achieve monthly operating break-even at your Location Franchise. Those rates and dollar amounts will vary depending upon your circumstances and performance.~~
- ~~(16) — We have relied on our experience in this industry in compiling these estimates. You should review these figures carefully with a business advisor, lawyer and/or accountant and financial advisor before making any decision to purchase this franchise opportunity. As set forth in Item 10, we do not offer direct or indirect financing for the initial investment.~~

Item 8

16. Insurance Premiums: Insurance premiums vary depending on the insurance carrier's charges, terms of payment and your history of claims and payments. We estimate that annual insurance premiums will range from \$4,000 to \$10,000 for malpractice insurance and \$2,000 to \$2,200 for general liability insurance. The estimate in the table includes premium costs for 3 months for required insurance policies.
17. Additional Funds: This estimates your expenses during the first 3 months of operation including: payroll costs (excluding any wages, salary, draws or other amounts paid to you or other owners); Local Advertising Commitment (\$9,000 for initial 3 months); Technology Fees (\$1,797 for initial 3 months); utilities; HIPPA compliance tools; and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premiums are separately stated in the table above. You may need to put additional cash into the business until you achieve sales equal to or greater than your operating expenses. These figures are estimates based on: (a) the past experience of our management team in developing, opening and operating company-owned Clinics; and (b) the recent experience of our franchisees in developing, opening and operating franchised Clinics.
18. Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Clinic. Within 60 days after your Clinic's opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open the Clinic. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.
19. Development Fee: Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 2 Clinics (low estimate) or 5 Clinics (high estimate). If you purchase the right to develop more than 5 Clinics, your development fee will increase. This estimate does not include your costs to develop any Clinic other than the first Clinic you develop under the ADA.

~~Item 7~~ **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Required Source-Restricted Purchases of Goods and Services Leases - Generally

~~You must purchase or lease certain products, supplies, insurance, inventory, signage, fixtures, furniture, equipment, décor software and other specified items under specifications and standards that we periodically establish in our Manual or other notices we send to you from time to time. These specifications are established to provide standards for performance, durability, design and appearance and support the System. You must purchase such products, supplies, insurance, etc. required for the operation of your Franchised Business solely from suppliers (including distributors, manufacturers, and other sources) who have been approved in writing by the Company, as set forth in the Manual. You are not allowed to purchase any item from an unapproved supplier. When selecting suppliers, we consider all relevant factors, including the quality of "source-restricted" goods and services, for the development and operation of your Clinic. By "source-restricted", we mean the good or service history, years in business, capacity of supplier, financial condition, terms and other requirements consistent with other supplier relationships. We maintain written lists of must meet our specifications and/or must be purchased from an approved or designated supplier. For some goods or services, there may only be a single designated supplier (which may be us, our affiliate or a third-party we designate). The Manual includes our specifications and supplier list. It includes approved items of equipment, fixtures, inventory, and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. All such suppliers and approved vendors will be listed in the Manual, which must always be followed, even as modified and updated by the Company. We will these items. We notify you whenever we establish or revise any of our standards or of changes to our specifications, or if we designate approved and suppliers for products, equipment or services at least 30 days prior by email, updates to the effective date Manual or through~~

~~other means of the change. We may~~ communication. In most cases, we notify you of these changes electronically by email.

~~We are currently an approved supplier of computer software. There are no approved suppliers in which any of our officers owns an interest. We may designate ourselves or a third party to be the exclusive supplier for digital marketing and advertising services in the future. If we do, you will be required to discontinue using other suppliers for these services. You must comply with our requirements to purchase or lease real estate, goods, and services according to our specifications and/or from approved suppliers to be eligible to renew your franchise. Failure to comply with these requirements will render you ineligible for renewal, and may be a default allowing us to terminate your franchise.~~

Approval of Alternative at least 30 days before they ~~Suppliers~~

~~The Company does not have any specific written criteria for supplier selection and does not intend at this time to prepare one. Therefore, the Company will not furnish its criteria for supplier approval to Franchisees. If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria. If we revoke our approval of a supplier, we will notify you by email and the change will become effective immediately upon. We provide 60 days' notice from us of changes to Technology Systems.~~

Revenue from Franchisee Purchases

~~In 2022, we received revenue from Franchisee required purchases from 2 vendor/suppliers: 1) Paysafe group (merchant credit card services); and 2) 3form, LLC (hardware vendor). We did not generate revenue from Franchisee purchases of required products or services from any other vendors/suppliers. In 2022, we received a rebate equal to 35 basis points (0.35%) on each credit card transaction. We receive a rebate from 3form in the amount of 5% net on sales of products to our Franchisees.~~

~~In 2022, we received gross revenues of \$1,323,197, or approximately 1.4% of our total revenues of \$101,252,310 from Franchisee required purchases of computer hardware, software and related services from us. Our gross revenue from these required purchases does not take into account labor, equipment and shipping charges we incurred in providing this equipment. All Franchisees are required to sign an agreement with our required vendors for credit card services (Paysafe group) and for music (Spectrio, LLC). A copy of each of these agreements is attached in Exhibit K. The exact form of these agreements may change from time to time.~~

~~The cost of purchasing required products and services to our specifications will represent approximately 5% of your total purchases in establishing your franchise and approximately 30% of your total purchases during the operation of your franchise.~~

~~We may receive revenue or other consideration from any other suppliers for goods and services that we require or advise you to purchase. In the event we enter agreements with any such suppliers, we anticipate that any revenue or other consideration received will include certain promotional allowances, rebates, volume discounts, and other payments, that may range from 0-10% of the amount of the goods or services you purchase from the supplier. We expect that at least some of these arrangements will generally allow us to obtain discounts from standard pricing, and that it may facilitate our ability to pass along a portion of the savings to you.~~

Negotiated Prices, Cooperatives and Material Benefits

~~We negotiate price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating your Location Franchise. There currently are no purchasing and distribution cooperatives. We do not provide any material benefits to you if you buy from sources we approve.~~

~~**Advertising Specifications.** You must obtain our approval before you use any advertising and promotional materials, signs, forms and stationary unless we have prepared or approved them during the 12 months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Franchised Business unless we have previously approved the medium, content, method and provider.~~

~~**Price Restrictions.** To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that Franchise locations offer, including without limitation, prices for promotions in which all or certain Location Franchises participate. If we establish such prices for any services or products, you cannot exceed or reduce that price, but will charge the price for the service or product that we establish. You will apply any pricing matrix or schedule established by us. However, in states where you must enter a Management Agreement this provision will be modified, to the extent legally permissible, to conform to the laws of the state where your Franchise location will be located.~~

~~**Records.** All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our requirements. All reports must be submitted in a timely manner in accordance with the dates we set from time to time.~~

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

Supplier Criteria

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

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

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

Current Source-Restricted Items

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

Site Selection

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

Lease

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

Design and Construction Services

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

Fixtures, Furnishings and Décor

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

Chiropractic Equipment & Supplies

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

Chiropractor Credentialing Reports

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

HIPAA Compliance

You must ~~pay our approved vendor(s) of~~ purchase HIPAA compliance ~~for~~ tools and resources to ~~keep the Clinic~~ promote HIPAA compliant. ~~The program with our vendor is~~ compliance at your Clinic. We currently recommend that you purchase a web-based product that provides offering employee training modules, templated policies and procedures and risk assessments. ~~The~~ We estimate the cost ~~is currently \$47~~ will range from \$35 to \$150 per month ~~but is subject to change at~~.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any ~~time~~.

~~**Computer-Related Equipment and Software.** You must purchase for each Location Franchise a computer system and operating software supplier of your choosing. We may also require that we specify from time certain services relating to time. See Item 7 regarding the estimated initial cost of this equipment. You will also be required to purchase from our establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved supplier or designated suppliers. We currently require that you license our proprietary office management software and other required software necessary (which also serves as your point-of-sale system and electronic health records management system) exclusively from us.~~

Merchant Processing Services

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

Signage

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

Uniforms

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

Marketing Materials and Services

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

Insurance Policies

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

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

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors and employees) as additional insureds; (b) contain a waiver by the insurance

carrier of all subrogation rights against us; and (c) provide us with at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. We must approve the insurance company you use, and we reserve the right to require that you purchase certain insurance policies only from an insurance company we designate.

Purchase Agreements

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

Franchisor Revenues from Source-Restricted Purchases

We are currently the exclusive designated supplier for the operation of your franchise. You will also be required to pay a monthly fee of \$599: (a) the clinic design services provided in exchange for the continuing use of clinic design fee; and (b) our proprietary office management software and other required software. We reserve the right to increase that we license to you as part of the Technology Fee. We may designate ourselves as an approved or designated supplier for other items in the future. No person affiliated with us is currently an approved (or the only approved) supplier. There are no approved or designated suppliers in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. We expect most rebates will range from 0 to 10% of the purchase price of the goods or services sold by the supplier to franchisees. As of the issuance date of this fee up to \$799 after giving you 30 days prior written notice. You will also be required to have access to a broadband Internet connection with static IP at all times. Disclosure Document, we receive the following supplier rebates:

- **Insurance Requirements.** Before you open the Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance written on an occurrence basis issued by carriers with an A.M. Best rating of A-VIII or better approved by us, and in such amounts as we may determine from time to time: (1) comprehensive public, sexual harassment, professional, product, medical malpractice and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise Business pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Franchise and its contents, and any other assets of the Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than 6 months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than \$1,000,000/\$3,000,000 or such other amounts that we may establish. (7) Medical Malpractice occurrence based coverage with limits of not less than \$1,000,000/\$3,000,000 obtained from our required and approved vendors as established in the Operations Manual. Paysafe Group (merchant credit card services) pays us a rebate calculated as 37 basis points (0.37%) on each credit card transaction
- 3form, LLC (hardware vendor) pays us a rebate calculated as 5% net on product sales to franchisees

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

clinic design fees and supplier rebates), which represents 5.6% of our total revenue for that year.

~~We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.~~

Item 9

Item 8 ~~ITEM 9~~ FRANCHISEE'S OBLIGATIONS

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

OBLIGATIONS	SECTIONS IN Franchise AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 2.5 and 3.1 FA: 8.1 & 8.2 ADA: 4.2 MCA: 5	Items 7 and Item 11
b. Pre-opening purchases/leases	Sections 3.1, 3.2, 3.3, 3.4 and 3.5 FA: 8.4, 12.7 & 16.1 ADA: Not Applicable MCA: Not Applicable	Item 5, Item 7- , Item 8 & Item 11
c. Site development and other pre-opening requirements	Sections 2.5 and 3. FA: 8.4 & 1.1(a) ADA: 4.2 MCA: 5	Items Item 6, Item 7 and Item 11
d. Initial and ongoing training	Sections 4 and 5.1 FA: 6 ADA: Not Applicable MCA: 4.1	Item 6 & Item 11
e. Opening	Sections 3.1, 3.3 and 3.6; Exhibit 1 of Franchise Agreement FA: 1.1(a) ADA: 4.1 MCA: 8.1	Items 7 and Item 11
f. Fees	Sections 2.6, 3.4, 4.2, 5.1, 5.2, 6, 10.1, 10.3, 10.8, 11.1, 11.2, 11.3, 12, 13.2, 14.5, 15, 16.1, 16.6, and 16.8 FA: 5.2, 6.6, 6.7, 7.2, 7.3, 7.7, 7.8, 8.3, 1.1(a), 8.6, 9.5, 11, 12.7, 12.9, 12.10, 12.12, 12.17, 14, 16.1, 17, 20.2, 20.3 & 22.3 ADA: 5 MCA: 3.3	Items 5, & Item 6, 7, 8 and 11
g. Compliance with standards and policies/operating manual Operating Manual	Sections 2.3, 2.4, 3, 5.2, 5.3 and 10 FA: 7.1, 8.1, 8.4, 11.3, 12 & 18.1 ADA: 4.2 MCA: 4 & 6	Items 8, Item 11, and 12
h. Trademarks and proprietary information	Sections 7 and 9 FA: 18 ADA: 2 MCA: 3.3	Items 13 and Item 14

OBLIGATIONS	SECTIONS IN Franchise AGREEMENT	DISCLOSURE DOCUMENT ITEM
i. ___ Restrictions on products/services offered	Section 10.2 and 10.3 FA: 12.3 ADA: Not Applicable MCA: 4.3	Item 16
j. ___ Warranty and customer client service requirements	Sections 10.6 and 10.7 FA: 12.15 ADA: Not Applicable MCA: Not Applicable	None Not Applicable
k. ___ Territorial development and sales quotas	Sections 2.5 and 3 FA: Not Applicable ADA: 4.1 MCA: Not Applicable	Item _ 12
l. On-going <u>Ongoing</u> product/service purchases	Section 3.4, 3.5, 5.1, 10.2, 10.3, 10.8, 10.9 and 11 FA: 12.7 ADA: Not Applicable MCA: Not Applicable	Items 7, 8 and 11 Item 8
m. ___ Maintenance, appearance, and remodeling requirements	Sections 10.1 and 10.5 FA: 12.8 & 12.10 ADA: Not Applicable MCA: Not Applicable	Items 7, 8 and Item 11
n. ___ Insurance/ Credentialing/ HIPAA Compliance	Section 10.8 and Section 10.10 FA: 16.1 ADA: Not Applicable MCA: 7	Items s 6, <u>Item 7</u> and & <u>Item 8</u>
o. ___ Advertising	Sections 6.3, 6.4, 6.5 and 11 FA: 11 ADA: Not Applicable MCA: 4.3	Items s 6, <u>Item 7</u> , and & <u>Item 11</u>
p. ___ Indemnification	Section 8.3 FA: 19 ADA: Not Applicable MCA: 10	Items 6 and 13 Item 6
q. ___ Owner's participation/management and staffing	Sections 4.1 and 10.7 FA: 9 ADA: Not Applicable MCA: 2 & 3.3	Items s 11 and & <u>Item 15</u>
r. ___ Records/reports	Sections 12, 13.2 FA: 9.3, 16.2 & 16.3 ADA: Not Applicable MCA: 6	Item _ 6, <u>Item 8</u> & <u>Item 11</u>
s. ___ Inspections/audits	Section 13 FA: 17 ADA: Not Applicable MCA: 6	Item _ 6 & <u>Item 11</u>
t. ___ Transfer	Section 14 FA: 20 ADA: 7 MCA: 12.4	Items 6 and Item 17

OBLIGATIONS	SECTIONS IN Franchise AGREEMENT	DISCLOSURE DOCUMENT ITEM
u. — <u>Renewal</u>	Section 2.4 FA: 5 ADA: 4.4 MCA: 8.5	Items 6 and Item 17
v. — <u>Post-termination obligations</u>	Section 16 FA: 22 ADA: <u>Not Applicable</u> MCA: <u>Not Applicable</u>	Item- 17
w. — <u>Non-competition covenants</u>	Section 9.3 FA: 15 ADA: <u>Not Applicable</u> MCA: 4.2	Item- 17
x. — <u>Dispute resolution</u>	Section 17.11, 17.12 and 17.13 FA: 23 ADA: 9 MCA: <u>Not Applicable</u>	Item- 17
y. — Owners/ Shareholders/ Spousal Guarantee y. <u>Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)</u>	Section 2.7; Exhibit 2 of Franchise Agreement FA: 10 & ATTACHMENT "E" ADA: 6 MCA: <u>Not Applicable</u>	Item 15

Item 10

~~Item 9~~ ITEM 10 FINANCING

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

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING,

~~Item 10~~ ITEM 11 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 ~~Location Franchise for business, we or our designee~~ Clinic, we will:

~~1. Review and accept or reject the proposed site for your Location Franchise ("Premises"). Unless we agree otherwise, you must locate and select a proposed site for the Premises that is acceptable to us as suitable for the operation of a Location Franchise. Your proposed site must be submitted in accordance with our policies and procedures and must be reviewed and approved by us. In reviewing a proposed site, we will consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, general character of the neighborhood and various economic indicators. Acceptance of a proposed site shall be at our sole and absolute discretion and shall not constitute, nor be deemed, a judgment as to the likelihood of success of a Location Franchise at such location, or a judgment as to the relative desirability of such location in comparison to other locations. We will accept or reject any proposed site within 15 business days of receipt of a completed site submission package, as same may be defined and modified by us from time to time in its sole and absolute discretion. Your failure to submit a completed site acceptance package and request and secure our acceptance of a proposed site in a timely manner shall not be reason for extending the date for opening set forth in your Franchise Agreement. We do not typically own the premises for franchised Location Franchises and lease them to the franchisee. (Franchise Agreement — Section 3.1)~~

~~2. You must obtain lawful possession of the Premises by executing a lease for the Premises ("the Lease") after our acceptance of the Premises associated with the site submittal package and accepted site. The Lease for the Premises must include the form of Addendum to Lease, attached as Exhibit 3 to the Franchise Agreement. Before executing a lease, you should have it reviewed by an attorney of your choice. Your lease must state, among other things, that its terms are subject to our acceptance. (Franchise Agreement — Section 3.1)~~

~~3. (Not applicable to renewing franchises or purchasers of existing franchised Clinics.) After we receive the completed pre-construction forms and as-built drawings for your Clinic location, we will provide you with a clinic floor plan design. (Franchise Agreement, Section 3.2). These initial floor plans provided by The Joint Corp are not for construction use; they must be converted by a licensed Architect and engineer to permit drawings to ensure city/state code is met.~~

~~4. Identify the products, materials, supplies, and services you must use to develop and operate your Location Franchise, the minimum standards and specifications that you must satisfy in developing and operating the franchise, and the designated and approved suppliers from whom you must or may buy or lease these items (which might be limited to or include us and/or our affiliates). (Franchise Agreement — Section 3.1; see Item 8 for additional information.~~

1. Grant you access to our primary operations manual for Location Franchises along with other materials which contains our mandatory and suggested specifications, standards and procedures for operating your Location Franchise (collectively referred to as our "Manual"). (Franchise Agreement — Section 5.1-5.2). Exhibit C to this Disclosure Document sets forth the Provide access to our Manual which will help you establish and operate your Clinic, as discussed below under "Manual". (§7.1)

2. Review and accept or reject sites you propose for your Clinic, as discussed below under “Site Selection”. (§8.1, 8.4 & 1.1(a)) (also see ADA §4.2)
3. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Clinic and a list of suppliers. We do not deliver or install any items that you purchase. However, we do assist with the configuration and setup of required software. (§12.2)
4. Prepare and send you a Clinic Design, as discussed below under “Site Development”. (§8.3)

~~5. Table of Contents for Manual, which consists of approximately 348 pages. Our Manual contains our System Standards and information about your other obligations under the Franchise Agreement. The following documents and resources are considered a part of our Manual:~~

- ~~• Operations Manual for Location Franchises~~
- ~~• DC Recruiting Toolkit~~
- ~~• Grand Opening Workbook~~
- ~~• Grand Opening Toolkit and Marketing Toolkit~~
- ~~• Patient Experience Assessment~~
- ~~• Brand Guidelines~~
- ~~• Recruiting Resources Guide~~
- ~~• Training Toolkit~~

~~We may modify the contents of the Manual periodically to reflect changes in System Standards, or send out other electronic communications to you about changes or updates to the System, the Manual, and our policies and procedures. You are required to be in compliance with the most current version of our Manual, as well as our most current policies and procedures. The Manual is confidential, and you may not copy, duplicate, record or otherwise reproduce any part of it. You may ask to view our Manual at our corporate headquarters before purchasing your Location Franchise, but must first sign a nondisclosure agreement (Exhibit E of this Disclosure Document) promising not to reveal any of the information contained in the Manual without our permission.~~

~~6. Provide you with specifications for the computer system for your Location Franchise (Franchise Agreement—Section 3.4). See below for additional information about these specifications.~~

~~7. Guide and assist you with the development and implementation of a local grand opening program, which will include parameters that must be met before you obtain our approval to open your Location Franchise, including the collection of at least 200 leads from prospective new patients (Franchise Agreement—Section 3.1(d)).~~

~~8. No later than 30 days before your Location Franchise opens for business, provide to you, other members of your management team, and any agents you employ our initial training program for Location Franchises (Franchise Agreement—Section 5.1). You (if you are an individual) or at least one of your Owners as defined in your Franchise Agreement (if you are a legal entity) must complete this initial training program to our satisfaction. Your general manager must be approved by us and complete this initial training program to our satisfaction. The training program includes classroom instruction at our headquarters in Scottsdale, Arizona, and on the job training at either a training facility or a location we designate. There will be no tuition charge for these training programs for any persons who attend, but you must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all of your personnel who attend the training programs. All persons who attend our initial training program must complete it to our satisfaction.~~

~~9. Provide at the Company’s expense an opening supervisor to assist you with the Location Franchise’s operational efficiency, staff training, Location Franchise setup and opening of your Location Franchise for 1 day before the opening of your first Location Franchise and for 1 day after the opening of your first Location Franchise~~

~~(Franchise Agreement—Section 3.6).~~

Time to Open:

~~We will agree on the time you must open your Location Franchise for business when you sign your Franchise Agreement, but we typically will require you to open no more than 300 days after you sign your Franchise Agreement. If no opening date is listed in your Franchise Agreement, your opening date will be 300 days after you sign the Franchise Agreement. Factors affecting this length of time before you open include locating a site for the Premises and signing a lease, construction or remodeling of the site (if required), completion of required training, financing arrangements, local ordinance and building code compliance, delivery and installation of equipment, and hiring and training of your staff, securing of all manner of permits and operational licenses and approvals. We do not provide you with assistance in conforming the Premises to local ordinances and building codes, obtaining any required permits, constructing, remodeling or decorating the Premises. We also do not provide you with assistance in the hiring or training of employees. You will be exclusively responsible for the terms of your employees' and independent contractors' employment and compensation, and for the proper training of your employees and independent contractors in the operation of the Location Franchise.~~

~~If you are delayed from opening your Location Franchise by the opening deadline in your Franchise Agreement, you must provide us with a written request to extend the deadline, which we may or withhold in our sole discretion. The request must state: (1) that a delay is anticipated; (2) the reasons which caused the delay; (3) the efforts that you are making to proceed with the opening; and (4) an anticipated opening date. In considering the request, we will not unreasonably withhold our consent to a delay if you have been diligently pursuing the opening.~~

~~Unless we agree to extend the opening deadline, if you do not open your Franchise for business by the deadline, you will be considered in default of your Franchise Agreement. Upon receipt of written notice from us of your default, you must cure your default by opening your Franchise for business no more than 90 days after receipt of notice of the default, or 180 days after the original opening deadline, whichever occurs first. If you fail to cure your default, we have the right to terminate your Franchise. (Franchise Agreement—Section 3.1 and 15).~~

~~Regardless of whether you open your Franchise for business by the opening deadline, you will be required to pay us the minimum royalty fee of \$700 starting 30 days after the original opening deadline. (Franchise Agreement—Sections 3.1 and 6.2).~~

Post-Opening Obligations:

~~After your Location Franchise opens for business, we or our designee will:~~

~~1. Provide you with guidance and assistance in the following areas: (a) the products and services authorized for sale by the Location Franchise, and specifications, standards, and operating procedures used by Location Franchises; (b) purchasing approved equipment, furniture, furnishings, signs, products, operating materials, and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (e) establishing and conducting employee training programs at the Location Franchise; (f) changes in any of the above that occur from time to time; and (g) specify any approved brands, types and/or models of equipment, furniture, fixtures, and signs (Franchise Agreement—Section 5.1).~~

~~2. Continue lending to you a copy of our Manual (Franchise Agreement—Sections 5.1-5.2).~~

~~3. Allow you to use our Marks and confidential information in operating your Location Franchise (Franchise Agreement—Sections 7 and 9). You must use the Marks and confidential information only as authorized in the Franchise Agreement and our Manual.~~

~~4. Indemnify you against damages for which you are held liable in any proceeding arising out of your use of our Marks in compliance with the Franchise Agreement, and reimburse you for costs you incur in defending~~

against any such claim (Franchise Agreement—Section 7.5).

~~5.—As we deem appropriate, provide you with supplemental training programs (Franchise Agreement—Section 4.2). We may hold training programs for you and your staff regarding new techniques, services or products, and other appropriate subjects. We may decide to hold these training programs at our own initiative, or in response to your request for additional or special training. We will determine the location, frequency, and instructors of these training programs. We may, but do not currently, charge you a daily attendance fee in an amount to be set by us for each owner, officer, director, manager, or employee of yours who attends any mandatory or optional training program (not to exceed \$1,000 per day). You must pay this fee to us in a lump sum before the training program begins. You must pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel.~~

5. Review and approve or disapprove ~~your advertising,~~ the construction plans prepared by your architect, as discussed below under “Site Development”. (§8.3 & 1.1(a))

6. Review and approve or disapprove the buildout of your Clinic, as discussed below under “Site Development”. (§8.4 & 1.1(a))

~~6.—Assist you in developing a grand opening marketing, and promotional materials (Franchise Agreement—Section 11.2).~~

~~7.—As we deem advisable, conduct inspections and/or audits of your Location Franchise, including evaluations of its training methods, techniques, and equipment; its staff; and the services rendered to its customers (Franchise Agreement—Section 13.1). We may provide you with additional guidance and training based on the results of these inspections and/or audits.~~

~~8.—If requested by you, we may provide you with a Company’s employee or agent to assist you with the operation of your Location Franchise (“Store Assistance”). You will be responsible to pay to the Company a daily fee (currently set at \$300) the Company reserves the right to adjust this fee as it deems appropriate) in addition to the actual costs (including but not limited to travel, meals, lodging, car rental, etc.) for the Store Assistance (Franchise Agreement—Section 5.1).~~

~~7.~~ campaign, as discussed below under “Advertising and Marketing”. (§11.2)

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

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

During the operation of your Clinic, we will:

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

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

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

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

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

6. License you the right to utilize our proprietary office management software, as discussed below under “Computer System”. (§7.2)
7. Provide you with our suggested retail pricing. You may deviate from our suggested retail pricing at your discretion. However, you must obtain our approval of any deviation more than 5% higher or lower than our suggested retail pricing, unless the pricing is part of a temporary advertising campaign we approved. To the extent permitted by ~~You~~ (applicable law, we may set maximum or minimum prices or establish specific prices for the membership fees you charge and the goods and services you sell. You must implement any pricing matrix we establish. However, if you operate a Managed Clinic your pricing may be modified to conform to applicable law or to comply with the pricing mandated by the Clinic Operator. (§12.5)

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

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Clinic. (§7.4)
2. Provide additional training or assistance that you request, as discussed below under “Training Program”. (§6.3)
3. Develop retail items or other goods or services for use by, or sale from, a Clinic. (§7.9)
4. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§7.7)
5. Host periodic conferences to discuss relevant business and operational issues such as industry changes or new services, products, technology or marketing strategies. (§6.7)
6. Develop and administer a call center (either ourselves or through a third-party provider) for purposes of answering calls, setting patient appointments and routing new patient leads to an appropriate Clinic. If we establish a call center program, you must participate and pay the associated fees. (§7.8)

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

Manual (§7.1, 12.2 & 25.8)

We provide access to our Manual in text or electronic form during the term of the Franchise Agreement—~~Section 11.2~~. The following documents and resources are considered part of the Manual:

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

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

- architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Clinic
- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Clinic and (b) designated and approved suppliers
- a description of the authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards

- policies and procedures pertaining to matters such as: (a) marketing and advertising; (b) accounting; (c) bookkeeping; (d) reporting; (e) insurance; (f) data ownership, protection, sharing and use; and (g) any gift card program, loyalty program or membership model we establish

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

Training Program (§6)

Initial Training Program

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

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

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

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

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

TRAINING PROGRAM

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS ON THE JOB TRAINING</u>	<u>LOCATION</u>
<u>Introduction to The Joint®</u>	<u>2.5</u>	<u>0</u>	<u>Live Virtual</u>
<u>System/Compliance Protocols</u>	<u>0.75</u>	<u>0</u>	<u>Live Virtual</u>
<u>Real Estate/ Site Location</u>	<u>1.0</u>	<u>0</u>	<u>Live Virtual</u>
<u>Clinic Construction</u>	<u>1.0</u>	<u>0</u>	<u>Live Virtual</u>
<u>Human Resources</u>	<u>1.25</u>	<u>0</u>	<u>Live Virtual</u>
<u>Compliance</u>	<u>1.25</u>	<u>1.0</u>	<u>Live Virtual & Designated Training Clinic</u>
<u>Patient Acquisition/Marketing</u>	<u>5.0</u>	<u>2.0</u>	<u>Live Virtual, Online Modules & Designated Training Clinic</u>

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS ON THE JOB TRAINING</u>	<u>LOCATION</u>
<u>Clinic Operations/ Customer Service/Roles & Responsibilities</u>	<u>6.75</u>	<u>18.0</u>	<u>Live Virtual, Online Modules & Designated Training Clinic</u>
<u>POS Software</u>	<u>4.0</u>	<u>3.0</u>	<u>Live Virtual, Online Modules & Designated Training Clinic</u>
<u>Technology</u>	<u>2.0</u>	<u>1.0</u>	<u>Live Virtual & Designated Training Clinic</u>
<u>Financial Management & Business Analytics</u>	<u>2.0</u>	<u>1.0</u>	<u>Live Virtual & Designated Training Clinic</u>
<u>Quizzes, Exams & Activities</u>	<u>2.0</u>	<u>2.0</u>	<u>Virtual / Online</u>
<u>Total</u>	<u>29.5 hours</u>	<u>28.0 hours</u>	

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

Ongoing Training Programs

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

Limited Scope of Training

All Chiropractic Staff must complete online training to ensure they understand and adhere to our brand standards and policies. However, your Managing Owner retains responsibility for training your staff. We do not provide any training regarding the manner or methods by which chiropractors make clinical decisions. Chiropractors retain complete discretion on all decisions that may impact their chiropractic license.

Instructors

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

<u>Name</u>	<u>Title</u>	<u>Background</u>
<u>Laurie Coté</u>	<u>Manager of Franchise Onboarding and Training</u>	<u>Laurie Coté joined The Joint in March 2020 at the height of the pandemic in a newly-created patient service role. She has since transitioned to a new position focused on the on-boarding of new franchisees, leading our Regional Training Clinic program, and providing training support in the field. She has over 18 years of experience in the hospitality and restaurant industries, supporting both corporate and multi-unit franchise locations in marketing and creative development, expansion and store design, event planning and project management.</u>

<u>Name</u>	<u>Title</u>	<u>Background</u>
Dr. Steven Knauf	Vice President of Chiropractic & Compliance	Dr. Steven Knauf joined The Joint in January, 2015 and now serves as our Vice President of Chiropractic & Compliance. In his tenure with The Joint he has held both clinical and administrative positions, and teaches a wide variety of topics related to chiropractic and compliance. Steve Knauf, DC has been a practicing chiropractor since 2010 with a current practicing license in Arizona. Dr. Knauf has approximately 12 years of experience in this field.
Roxanne Nichols	Vice President of Operations Services & Training	Roxanne Nichols joined The Joint in August, 2018 and serves as our Director of Operations Services & Training. Roxanne focuses her instruction on process improvement and operational excellence. Roxanne has a B.S. in Business Management from ASU and a Lean Six Sigma Green Belt from the University of La Verne. Roxanne has over 14 years of experience and discipline managing large scale projects and in the field generally.
Chad Covington	Director of Operations & Analytics	Chad Covington joined The Joint in October 2021 as our Director of Operations and Analytics. He is focused on understanding our data while providing simple automated solutions for our franchisees to make data-driven decisions to improve Clinic performance. Prior to The Joint, Chad acquired analytics, system implementation, process improvement, and automation experience across several industries (government, distribution, logistics, consulting, supply chain, retail, etc.). Chad earned his bachelor's degree in business management from Radford University and Green Belt Six Sigma from Villanova university. Chad has multiple years of helping organizations leverage information to drive growth and improve. Chad has 15 years of experience in this field.
Josh Grove	Sr. Director of Media & Clinic Marketing	Josh Grove joined The Joint in March 2016 and is our Director of Media & Clinic Marketing. Josh assists co-ops and individual Clinics with developing local advertising and promotional plans, deploying our marketing toolkit and creating marketing training programs. Josh also oversees the allocation of national working media. Prior to working with The Joint, Josh was employed by Great Clips as a Marketing and Operational Business Consultant. Josh has approximately 23 years of experience in the marketing field.
Rick Carlisle	Franchise Marketing Manager - West Region	Rick Carlisle joined The Joint in April 2020 and serves as our Franchise Marketing Manager for the West Region. Rick assists franchisees and co-ops by providing consultation, analysis and reporting on their marketing programs. Prior to working at The Joint, Rick served in marketing roles at both Insight and Domino's. Rick has 5 years of experience in this field.
Tyler Brandt	Franchise Marketing Manager - East Region	Tyler Brandt joined The Joint in December 2020 and is our Franchise Marketing Manager for the East Region. Tyler assists franchisees and co-ops by providing consultation, analysis and reporting on their marketing programs. Prior to working at The Joint, Tyler worked for Great Clips in various marketing capacities and has over 15 years of experience in the field of marketing.

<u>Name</u>	<u>Title</u>	<u>Background</u>
Richard Matthews	Sr. Director of Real Estate	Richard Matthews joined The Joint in December 2014 and serves as our Sr. Director of Real Estate. Richard's primary role is to evaluate potential Clinic locations through the use of statistical modeling based on trade area demographics and site characteristics. Prior to joining The Joint, he helped locate 700 PetSmart stores over 10 years. He was also a Professor of Geography at The University of South Carolina. He holds a Ph.D. in Economic Geography, which is the science of the location of business and industry. Richard has approximately 25 years of experience in the field.
Tyler Doolittle	Director of Construction	Tyler Doolittle joined The Joint in July 2022 and is our Director of Construction for corporate and franchised Clinics. Tyler oversees the Construction Department and its employees. He is responsible for all phases of construction, development and facilities/maintenance for the entire system. Prior to working at The Joint he was a General Contractor until his company was acquired in late 2021. He has more than 12 years' experience in the industry.
Sloan Taub	Director of Information Technology	Sloan Taub joined The Joint in October 2017 and serves as our Director of Information Technology. He has 27 years of information technology and operations experience. Sloan served 17 of his 27 years' worth of experience in the United States Marine Corps.

Training Fees and Costs

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

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

Site Selection (§8.1 & 8.2)

[A typical Clinic ranges in size from 1,000 to 1,400 square feet. We do not select the site for your Clinic and we do not purchase the premises and lease it to you. You must identify and obtain our acceptance of the site for your Clinic. We do impose any deadline for obtaining our approval of your site.](#)

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

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

- [parking](#)
- [visibility, size, condition and characteristics of the building](#)

- [traffic counts](#)
- [general location](#)
- [existence and location of competitive businesses](#)
- [general character of the neighborhood](#)
- [local demographic information](#)

~~various economic indicators. You are required to contribute to the advertising of your Location Franchise in your local market area, in the minimum amount of \$3,000 per month or 5% of your monthly Gross Revenue, whichever is greater ("Minimum Local Advertising Requirement"). This is separate from the amounts you will spend for your Grand Opening and the National Marketing Fund. You will be responsible for the local marketing of your Location Franchise. You may only use advertising material that is approved by us. We have the right to require you to use one or more required suppliers for your local advertising. We may require you to spend all or a portion of the Minimum Local Advertising Requirement with such required suppliers. We reserve the right to collect such amounts directly from you via EFT to pay such required suppliers. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the 30th day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising. We may require, at our sole discretion, that you submit an annual marketing plan with details on planned expenditures of local advertising dollars. Any advertising or marketing material that you intend to use must receive prior written approval from us. If you do not receive our written disapproval within 15 days from the date the materials are delivered to us, then the materials will be deemed approved. The approval of the marketing or advertising material is valid for one year.~~

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

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

Site Development (§8.3, 8.4 & 12.10)

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

~~You must remodel and make all improvements and alterations to your Clinic that we reasonably require from time to time to reflect our then-current standards and specifications. However, we will not impose this requirement on~~

you: (a) unless we have implemented similar changes in at least 25% of similarly-situated company-owned Clinics and have developed a plan to implement similar changes in the remaining similarly-situated company-owned Clinics; or (b) during the last 24 months of the term of your Franchise Agreement, except as a condition to renewal or transfer of your franchise rights. There are no other limitations on the frequency or cost of these remodeling obligations. At a minimum, we require you to spend at least \$20,000 every 4 years on remodeling, expansion, redecorating and/or refurbishing the Clinic's premises. You may not remodel or significantly alter your premises without our prior approval.

Opening Requirements (§1.1(a))

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

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

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

Advertising and Marketing (§11)

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

Grand Opening Marketing

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

Ongoing Local Marketing By You

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

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

Local Marketing Assistance From Us

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

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

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

Websites, Social Media and Digital Advertising

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

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

- you may only conduct social media utilizing the social media platforms we approve
- you must strictly comply with our social media policy, as revised from time to time
- you must immediately remove any post we disapprove, even if it complies with our social media policy

- we may require that you contract with and utilize a social media company we designate
- any Clinic-level social media pages must be created by us or a preferred supplier (unless we grant you approval to create the social media pages)
- you must provide us with full administrative rights to your social media accounts
- we must own all social media accounts relating to your Clinic

Gift Card and Loyalty Programs

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

Advertising Cooperatives (Franchise Agreement—Section 11.3)

~~You are required to join and participate in any Advertising Cooperative (“Co-op”) encompassing your Franchise Location that may be established. A Co-op is an association of all Franchisees whose Franchised Businesses are located within~~ We may, but need not, form advertising cooperatives for the benefit of all Clinics located in a particular region. We will determine the boundaries of the cooperative. In most instances, the boundaries will coincide with a Designated Market Area (“DMA”). A DMA”), which is a geographic area around a county in which the radio and population can receive the same (or similar) television stations based in that county account for a greater proportion of the listening/viewing public than those based in the neighboring counties. We reserve the right to form, change, dissolve or merge Co-ops.

~~One function of the Co-op is to establish a local advertising fund, of which the funds must be used for Location Franchises’ advertising and promotion only and for the mutual benefit of each Co-op member. We have the right to establish a Co-op and radio station offerings (although it may be defined by reference to other types of media such as newspapers or internet content). We may specify the manner in which any Co-ops are the cooperative is organized and governed, and. We may require any and all Co-ops to that each cooperative be formed as a separate legal entities of the state where they are located. Co-ops must operate according to entity. We may choose between: (a) administering the cooperative ourselves; or (b) establishing an advertising council, comprised by the cooperative’s members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws which have been approved by us. Co-ops must provide us a copy of their organizational documents and bylaws prior to commencing any marketing or other activities. The Co-op will be administered by the members of the Co-op according to the or other governing documents. Copies of the Co-ops’ bylaws and other organizational documents will be made available to you upon request that we approve.~~

~~Currently, each Franchisee must contribute to a Co-op according to the Co-op’s rules and regulations, and bylaws, as determined by its members. Amounts contributed to Co-ops may be considered as spent for local advertising, if appropriately. If your Clinic is located within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. All cooperative advertising fees you pay are credited against your Local Advertising Commitment if properly documented and spent according to our defined criteria for local advertising, and therefore may be applied towards the Minimum Local Advertising Requirement. We also reserve the right to determine the amount to be contributed by each member of the Co-op, as necessary. Any company-owned clinic operated by us or our affiliates that is Clinic located in a Co-op cooperative will contribute to the fund on the same basis as other franchisees in the Co-op. Co-ops will. Advertising cooperatives prepare annual~~

unaudited financial statements that ~~will be~~ made available, to members upon request, ~~to franchisees that are members of the Co-op.~~

~~As of December 31, 2022, we had 44 Advertising Co-ops located throughout the U.S. The Company has the right to create additional Co-ops and to decide how they will be run. Currently, each Advertising Co-op is operating according to their respective bylaws. We have the right to specify the manner in which all Co-ops are organized and governed, and may require all Co-ops to be legal entities of the state where they are located.~~

Advertising by Us (Franchise Agreement — Section 11.1)

~~We may create one or several national and/or regional advertising funds (the “Ad Fund(s)”) for our Location Franchises (both Franchisee owned and Company owned) to accomplish those advertising and promotional programs we deem necessary or appropriate for the Location Franchises. However, we may choose to use only one Ad Fund to meet the needs of regional, multi-regional, and national advertising and promotional programs. As of the date of this Disclosure Document, we have only created 1 national advertising fund and there are no regional advertising funds.~~

~~Each Location Franchise must contribute to the Ad Funds for their area in such amounts that we periodically require. The current contribution amount is 2% of Gross Sales. The maximum contribution to the Ad Funds we may require from you is 3% of Gross Sales. Any Location Franchise owned by us will contribute to the Ad Funds on the same basis as you. We currently require that all new franchisees contribute to the Ad Funds on a uniform basis. However, 1 franchised Clinic that has been operating for years contributes on a different basis than all other franchisees (this franchised Clinic pays 1% of Gross Sales).~~

~~We will direct all marketing programs financed by the Ad Funds, and will have sole discretion over the creative concepts, materials, endorsements and distributions used by the Ad Funds, and the geographic, market, and media placement and allocation of the Ad Funds. We have the sole discretion to use the Ad Funds to pay the costs of administering regional, multi-regional, and/or national advertising programs, including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. We may in our discretion use Ad Funds to engage in advertising and promotional programs that benefit only one or several regions, and not necessarily all Location Franchises. We will not use the Ad Funds for advertising that is principally a solicitation for the sale of franchises.~~

~~The Ad Funds will be accounted for separately from our other funds, and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the Ad Funds and their marketing programs, including preparing advertising, public relations, social media content and marketing communications and materials, and collecting and accounting for contributions to the Ad Funds. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Ad Fund in that year, and the Ad Funds may borrow from us or other lenders to cover the Ad Funds’ deficits, or invest any surplus for future use by the Ad Funds. We will not charge any interest for amounts that we loan to an Ad Fund. We do not know the interest rate that would be charged by a third party lender although it would be based on then current market conditions and interest rates. We will prepare an annual statement of monies collected and costs incurred by each Ad Fund, and will provide it to you upon written request. We do not prepare or provide audited financial statements for the Ad Funds.~~

~~During our fiscal year ending December 31, 2022, disbursements from the Ad Fund were spent as follows: 12.9% for production, 28.5% for media placement, 11.2% for administrative expenses and 47.4% on “Other” (other As~~

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

Brand and System Development Fund

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

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- participating in national or regional trade shows
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development and maintenance of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or member satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the Brand Fund
- preparing and distributing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

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

You must contribute to the Brand Fund the amount we specify from time to time (currently 2% of Gross Sales, but not to exceed 3% of Gross Sales). We deposit all brand fund fees we collect into the Brand Fund. Any company-owned Clinic will contribute on the same basis as our franchisees. However, if we modify the amount or timing of required contributions, any company-owned Clinic established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing. Except for brand fund fees paid by

company-owned Clinics, we have no obligation to expend our own funds or resources for any marketing activities in your area. Currently, all franchisees contribute at the same rate.

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

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

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

~~We may cause any Ad Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under the Franchise Agreement. If established, the Ad Funds will be intended to enhance recognition of the Marks and to enhance the franchise opportunities available through our franchises. Although we will endeavor to use the Ad Funds to develop advertising and marketing materials and programs and place advertising that will benefit all Location Franchises, we do not have to ensure that the Ad Funds’ expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by Location Franchises in that geographic area, or that any Location Franchise will benefit from the development of advertising and marketing materials or the placement of advertising by the Ad Funds directly or in proportion to the Location Franchise’s contribution to the Ad Funds. We assume no direct or indirect liability or obligation to you or any other Location Franchise in connection with the establishment of an Ad Fund, or the collection, administration, or disbursement of monies paid into any Ad Fund.~~

~~We may suspend contributions to, and the operations of, any Ad Fund for any period we deem appropriate, and may terminate the Ad Fund upon 30 days’ written notice to you. All unspent monies held by the Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other Franchisees in proportion to each party’s respective contributions to the Ad Fund during the preceding 12-month period. We may reinstate a terminated Ad Fund upon the same terms and conditions set forth in the Franchise Agreement upon 30 days’ advance written notice to you.~~

~~As of the date of December 31, 2022, we had 1 Advisory Board, the National Franchise Advisory Board (“NFAB”), which is currently comprised of 9 Franchisees, each who are elected by other Franchisees. NFAB advises the franchisor with respect to advertising and other franchise-related policies. NFAB serves only in an advisory function and does not have any operational or decision-making authority. We may, in our sole discretion, change or dissolve NFAB, or any other advisory councils or similar organizations we have formed or organized.~~

~~We, or our designated supplier, may become the required supplier of some or all digital marketing and/or other advertising services. If we do, you will be required to discontinue using any of your current suppliers for this service upon expiration of any existing contracts for these services, or within 30 days after receiving notice from us that we will be providing these services, whichever occurs first. Any amounts paid to us as the required supplier of digital marketing and/or other advertising services may be applied towards the Minimum Local Advertising Requirement.~~

~~We are not required to spend any amount on advertising in your territory.~~

Computer System (Franchise Agreement – Sections 3.4 and 6.6)

~~You must use the computer hardware and software (collectively, “Computer System”) that we periodically designate to operate your Location Franchise. You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us and/or our affiliates). You are responsible for all costs and monthly fees associated with any such software licenses or programs, including any updates. We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.~~

~~We may charge you a reasonable fee for installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.~~

~~You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded; and (4) complying with all required antivirus protocols.~~

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

National Franchise Advisory Board (§13)

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

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

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

Email Addresses

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

How Computer System Is Used

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

Fees and Costs

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

<u>COMPUTER SYSTEM – ONGOING FEES AND COSTS</u>			
<u>Item</u>	<u>Fee (Monthly)</u>	<u>Fee (Annual)</u>	<u>To Whom Paid?</u>
<u>Office Management Software License (covered by technology fee)</u>	<u>\$599</u>	<u>\$7,188</u>	<u>Us</u>
<u>High-speed Internet & Static IP Address</u>	<u>\$100 to \$350</u>	<u>\$1,200 to \$4,200</u>	<u>Third-Party Supplier</u>
<u>Tablet Security Fee</u>	<u>N/A</u>	<u>\$20</u>	<u>Third-Party Supplier</u>
<u>HIPAA Compliance Tools & Resources</u>	<u>\$35 to \$150</u>	<u>\$420 to \$1,800</u>	<u>Third-Party Supplier</u>

Maintenance, Support, Updates and Upgrades

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

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

~~Your Computer System must be capable of supporting our required software, with Internet capability, and accessible by us remotely. You may also be required to purchase certain customer contact software and financial software, and to pay monthly charges associated with your Computer System. The specification regarding the required hardware and software for your Computer System are contained in the Manual.~~

~~We estimate the cost of purchasing the Computer System and related software and associated equipment will range from \$5,000 to \$10,000. In addition, you will be required to pay a recurring monthly charge for the use of our proprietary office management software and other required software. Currently this fee is \$599 per month (\$7,188 per year), but is subject to change. You will also be required to pay the monthly cost of maintaining~~

~~verifiable high speed Internet and static IP address access at your site. We estimate that this cost will be approximately \$100-\$350 per month (\$1,200 to \$4,200 per year). You must pay our required tablet vendor a tablet security fee of up to \$20 per tablet per year. You must also purchase HIPAA compliant privacy screens for all your laptop screens, desktop monitors and other electronic devices (this cost is included in the cost of the Computer System).~~

Ownership, Collection and Protection of Data

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

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

The Payment Card Industry ("PCI") Data Security Standard ("DSS") is a comprehensive set of requirements ~~that applies~~applicable to all merchants who accept credit cards ~~that. It~~ is designed to ensure the safe handling of payment-cardholder data. ~~Knowledge of as well as compliance~~You are responsible for knowing and complying with the PCI DSS is the responsibility of the Location, as updated from time to time. You must ~~meet the requirements of the PCI DSS and maintain PCI compliance with the current version of the PCI DSS. You must make stay abreast of~~ periodic ~~efforts to maintain awareness of~~ enhancements ~~and/or~~ changes to the PCI DSS. With the exception of the ~~specific services provided by us~~we provide in ~~consideration~~exchange for the technology fee ~~you pay to us~~, you have ~~complete~~full responsibility for using all required tools and vendors ~~to complete the for~~ ongoing PCI ~~requirements~~compliance, including, ~~but not limited to~~, quarterly external security scans and annual Self-Assessment Questionnaires. You are responsible for all costs relating to PCI compliance and data security issues, such as security threats, breaches, and malware. ~~It is your responsibility to~~You must alert ~~the our Head of~~ Technology ~~Department via the IT Help Desk~~ within 24 hours of any suspected or confirmed data security breach so appropriate action can be taken to protect patient data.

~~Your computer system will collect and store various data pertaining to your patients, including name, contact information, employment information, insurance information, medical history, diagnostic information, treatment information and payment information. Your computer system will also collect credit card information and sales data. We will have independent access to all of this information and there are no contractual restrictions on our right to access this data. Subject to applicable laws and in addition to the rights of you as a chiropractor (if applicable) and the rights of the applicable professional chiropractic corporation with whom you may work or manage, we will serve as a custodian of all medical information pertaining to your patients and we will comply with applicable privacy laws with respect to our collection, storage, sharing and use of this data. Your computer system may also collect clinic employee data and marketing data, although we will not have independent access to this data stored locally on your hard drive.~~

Table of Contents of the Operating Manual

~~The Computer System Maintenance and Changes~~

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

~~TABLE OF CONTENTS of our Manual is attached to this Franchise Disclosure Documents as Exhibit C.~~

~~**Training Program** (Franchise Agreement—Section 4.2)~~

~~Our initial training program currently includes the following:~~

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to The Joint®	1.0		Scottsdale, AZ
System/Compliance Protocols	1.0		Scottsdale, AZ
SMO/PC awareness	.75		Scottsdale, AZ
Real Estate/ Site Location	.5		Location site
Clinic Construction	1.0		Scottsdale, AZ
Human Resources	1.0		Scottsdale, AZ
Compliance	1.0	1.0	Scottsdale, AZ/ Location site
Patient Acquisition/Marketing	2.0	4.0	Scottsdale, AZ/ Location site
Clinic Operations/ Customer Service/roles & responsibilities	10.0	20.0	Scottsdale, AZ/ Location site
POS Software		4.0	Scottsdale, AZ/ Location site
Technology	1.0	2.0	Scottsdale, AZ/ Location site

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Financial Management & Business Analytics	5.0	2.0	Scottsdale, AZ/ Location site
Quizzes and Exams	2.0	2.0	Scottsdale, AZ
Total	26.25 hours	35 hours	

Explanatory Notes:

- ~~(1) Most of these subjects are integrated throughout the training program (comprised of 26.25 hours of classroom/online training and 35 hours of initial on the job training). The training program must be completed to our satisfaction before the opening of the Location Franchise. On the job training will occur at a certified training clinic prior to classroom training. You will also receive training at your Location Franchise site within a few days before and after the opening of your Location Franchise.~~
- ~~(2) The Company also may offer additional or refresher training courses from time to time. Some of these courses may be mandatory, and some may be optional. These courses may be conducted at the Company's headquarters or at any other locations selected by the Company.~~
- ~~(3) You will be responsible for all out of pocket expenses in connection with all training programs, including the transportation, lodging, meals, wages and employee benefits costs you incur for your training, and the training of management and employees that you have attend the training. The Company reserves the right to impose reasonable charges for training classes and materials in connection with such training courses. The Company will notify you of any additional charges before you or your designated employees enroll in a course. While there is no cost to take such training, we require you and your management staff to pass our training program to our satisfaction before you may begin operating your Location Franchise.~~
- ~~(4) All classes are scheduled by advance written notice to all Franchisees. The Company's class cancellation policies will be included in the written notice of class schedules.~~
- ~~(5) The instruction materials for our training programs include handouts, our Manual, on line programs, and lectures.~~
- ~~(6) The initial training program is held on a monthly basis.~~
- ~~(7) At least 1 owner of the franchise as well as your general manager must attend and successfully complete initial training to our satisfaction. Your other owners and managers may attend initial training but it is not required.~~
- ~~(8) Although the individual instructors of the training program may vary, all of our instructors have significant experience in their designated subject area. The following are our training instructors:~~

Name	Title	Background
Laurie Côté	Manager of Franchise Onboarding and Training	Laurie Côté joined The Joint in March 2020 at the height of the pandemic in a newly created patient service role. She has since transitioned into a new position focused on the onboarding of new franchisees, leading our Regional Training Clinic program, and providing training support in the field. She has over 17 years of experience in the hospitality and restaurant industries, supporting both corporate and multi-unit franchise locations in marketing and creative development, expansion and store design, event planning and project management.
Dr. Steven Knauf	Vice President of Chiropractic & Compliance	Dr. Steven Knauf joined The Joint in January, 2015 and now serves as our Vice President of Chiropractic & Compliance. In his tenure with The Joint he has held both clinical and administrative positions, and teaches a wide variety of topics related to chiropractic and compliance. Steve Knauf, DC has been a practicing chiropractor since 2010 with a current practicing license in Arizona. Dr. Knauf has approximately 11 years of experience in this field.
Roxanne Nichols	Vice President of Operations Services & Training	Roxanne Nichols joined The Joint in August, 2018 and serves as our Director of Operations Services & Training. Roxanne focuses her instruction on process improvement and operational excellence. Roxanne has a B.S. in Business Management from ASU and a Lean Six Sigma Green Belt from the University of La Verne. Roxanne has over 13 years of experience and discipline managing large scale projects and in the field generally.
Gina Stoner	Director of Risk and Compliance Services	Gina Stoner joined The Joint in May 2022 and serves as our Director of Risk and Compliance Services. Gina brings over 30 years' experience in Healthcare Administration driving Risk, Compliance and Patient Safety programs. Gina has a Bachelor's degree in Business Management and is a Healthcare Accreditation Certified Professional (HACP).

Name	Title	Background
Chad Covington	Director of Operations & Analytics	Chad Covington joined The Joint in October 2021 as our Director of Operations and Analytics. He is focused on understanding our data while providing simple automated solutions for our franchisees to make data driven decisions to improve clinic performance. Prior to The Joint, Chad has Analytics, System Implementation, Process Improvement, and automation experience across several industries (Government, Distribution, Logistics, Consulting, Supply Chain, Retail, etc.). Chad earned his bachelor's degree in business management from Radford University and Green Belt Six Sigma from Villanova university. Chad has multiple years of helping organizations leverage information to drive growth and improve. Chad has 14 years of experience in this field.
Josh Grove	Sr. Director of Media & Clinic Marketing	Josh Grove joined The Joint in March 2016 and is our Director of Media & Clinic Marketing. Josh assists co-ops and individual clinics with developing local advertising and promotional plans, deploying our marketing toolkit and creating marketing training programs. Josh also oversees the allocation of national working media. Prior to working with The Joint, Josh was employed by Great Clips as a Marketing and Operational Business Consultant. Josh has approximately 22 years of experience in the marketing field.
Riek Carlisle	Franchise Marketing Manager – West Region	Riek Carlisle joined The Joint in April 2020 and is our Franchise Marketing Manager for the West Region. Riek assists franchisees and co-ops by providing consultation, analysis and reporting on their marketing programs. Prior to working at The Joint, Riek served in roles at both Insight and Domino's. Riek has 4 years of experience in this field.
Tyler Brandt	Franchise Marketing Manager – East Region	Tyler Brandt joined The Joint in December 2020 and is our Franchise Marketing Manager for the East Region. Tyler assists franchisees and co-ops by providing consultation, analysis and reporting on their marketing programs. Prior to working at The Joint, Tyler worked for Great Clips in various marketing capacities and has over 14 years of experience in the field of marketing.

Name	Title	Background
Richard Matthews	Sr. Director of Real Estate	Richard Matthews joined The Joint in December 2014 and serves as our Sr. Director of Real Estate. Richard's primary role is to evaluate potential clinic locations through the use of statistical modeling based on trade area demographics and site characteristics. Prior to joining The Joint, he helped locate 700 PetSmart stores over ten years. He was also a Professor of Geography at The University of South Carolina. He holds a Ph.D. in Economic Geography, which is the science of the location of business and industry. Richard has approximately 24 years of experience in the field.
Jack Colmar	Director of Construction	Jack Colmar joined The Joint in August 2012 and serves as our Director of Construction. Jack's focus is to build and maintain Corporate clinics, vendor/supplier relations, and support the development of Franchisee-owned units. Jack has approximately 10 years of experience in the field.
Sloan Taub	Director of Information Technology	Sloan Taub joined The Joint in October 2017 and serves as our Director of Information Technology. He has 26 years of information technology and operations experience. Sloan served 17 of his 26 years' worth of experience in the United States Marine Corps.

Item 12

~~Item 11~~ ITEM 12 TERRITORY

Location of Your Business

~~You will select for our approval the location of the Premises for your Location Franchise according to the requirements and within the time specified in the Franchise Agreement. We must approve any relocation of the Premises for your Location. We will apply the same criteria for the relocation of a franchised business as we apply when determining the location of a new franchise.~~

Your Territory

~~We will grant you a protected territory (“the Protected Territory”). We will define the Protected Territory in an addendum to the Franchise Agreement after you select and we accept the site for your Location Franchise. Typically, the Protected Territory will include between 10,000 to 25,000 households as defined by the natural traffic and trade patterns of your approved site. We will describe the Protected Territory using either longitude and latitude coordinates or a map that will show in general terms the fixed geographical boundaries (such as rivers, streets or highways). The geographic size of the Protected Territory will vary based upon population density and a variety of demographic factors. In dense urban areas, the Protected Territory may encompass a city block or less, and at Non-Traditional Sites we might limit your Protected Territory to the site of your Location Franchise. In less dense suburban areas, the Protected Territory could include an entire municipality.~~

~~We will not modify your Protected Territory during the franchise term. If you intend to renew or transfer the franchise, and your Protected Territory is larger than our then current standard size for territories or the then current demographics of your Protected Territory have changed, then we may reduce the size of your Protected Territory on renewal or require your transferee to operate the Location Franchise in a smaller territory. If we reduce the Protected Territory, we will give you or your transferee the option (as applicable) to develop the remaining territory.~~

~~You will not receive an exclusive territory—or development territory. You may face competition from other Franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, if you are in full compliance with the Franchise Agreement, then during the Franchise Agreement term, neither we nor our affiliates will operate or grant a franchise for the operation of another Location Franchise or Company-owned The Joint® outlet located within your Protected Territory that offers the same or similar goods or services under the same or similar trademarks, except as otherwise permitted below under “Reserved Rights”.~~

Location of Clinic

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

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

Description of Territory (Franchise Agreement)

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

Description of Development Territory (ADA)

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

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

Territorial Protections and Limitations

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

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

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

- hotels or casinos
- college campuses or universities
- airports, train stations, bus stations or cruise terminals
- stadiums or sporting arenas
- shopping malls

military bases

Reserved Rights

~~We and our affiliates reserve the right to engage in any activities we deem appropriate that your Franchise Agreement does not expressly prohibit, whenever and wherever we desire, including the right to: (1) own, acquire,~~

~~site build, or operate, for our own account, or grant to others the right to operate, Location Franchise on terms and conditions and at locations we deem appropriate outside of your Protected Territory; (2) to grant Regional Developer franchises which may encompass the area where your site is located; (3) provide or grant other persons the right to provide goods and services that are similar to and/or competitive with those provided by Location Franchises through any distribution channel, including, but not limited to, sales via mail order, catalog, toll-free telephone numbers, and electronic means, including the Internet under the Marks or trademarks and services marks other than the Marks; (4) engage in an Acquisition, including an Acquisitions that results in 1 or more competitive businesses operating within your Protected Territory using the Marks; and (5) establish and operate, or grant others the right to establish and operate, Clinics that are located within Non-Traditional Sites that are located anywhere, including within your Protected Territory. You will not receive compensation if we solicit or accept orders from inside your Protected Territory.~~

- ~~• For purposes of the preceding paragraph, a “Non-Traditional Site” means any site or channel that generates customer traffic flow that is independent from the general customer traffic flow of the surrounding area, including on or within the confines or premises of military bases, shopping malls or centers, stadiums, major industrial or office complexes, parking lots or structures, mobile vehicles, airports, hotels, resorts, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, theme parks, and sports or entertainment venues. A “Non-Traditional Site” also includes the establishment and operation of a Clinic within a pre-existing business that does not operate under the Marks. For example, Clinics established within an urgent care center, retail store, or medical spa would~~

- ~~• [concert venues](#)~~
- ~~• [amusement parks](#)~~
- ~~• [grocery stores](#)~~
- ~~• [urgent care centers](#)~~
- ~~• [medical spas](#)~~

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

~~[Site Selection Area](#)~~

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

~~[Alternative Channels of Distribution](#)~~

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

- ~~• [sales through direct marketing, such as over the Internet or through catalogs or telemarketing](#)~~

- sales through retail stores that do not operate under the Marks
- providing off-site chiropractic care to patients in their homes or at their place of business
- providing chiropractic care from a mobile vehicle

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

Restrictions on Your Sales and Marketing Activities

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

Minimum Performance Requirements

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

Additional Franchises and Territories

We may reduce the size of your territory at the time of renewal in accordance with our then-current territory guidelines and criteria. If the reduction in territory includes removal of a geographic area large enough to qualify as ~~Non-Traditional Sites~~.

~~For purpose of the preceding paragraph, an “Acquisition” means either (i) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise or (ii) us directly or indirectly acquiring another competitive or non-competitive company,~~ a territory for another Clinic, then we will give you the first option to acquire ~~franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.~~

Rightrights to ~~Acquire Additional Territories or Franchises~~

~~The Franchise Agreement does~~ develop a Clinic within that territory. You are not ~~grant you~~ granted any other options, rights of first refusal, or similar rights to acquire additional territories or franchises.

~~Restrictions on Your Sales and Marketing Activities~~

~~We do not restrict you from accepting clients who live outside your territory. Similarly, clients who live in your territory may visit clinics outside of your territory. You are permitted to market your Clinic outside of your territory. However, you are not permitted to market or sell through alternative channels of distribution (such as the Internet, catalog sales, telemarketing or other direct marketing), either within or outside of your territory, without our prior written approval. You may not establish your own website or engage in any online or digital marketing without our prior written approval. If approved, your website and/or online or digital marketing must~~

~~meet all of our standards, specifications and other requirements. There are no other restrictions on, other than~~
your right and obligation to ~~solicit customers, whether from inside or outside~~ develop the prescribed number of
Clinics within your development territory. ~~if you sign an ADA~~

Competitive Businesses Under Different Marks

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

Item 13

~~Item 12~~ **ITEM 13 TRADEMARKS**

~~The Company grants you the right and license to use the Marks and the System solely in connection with your Franchised Business. You may use our trademarks “The Joint®”, “The Joint Chiropractic®, “The Joint... the chiropractic place®” and design and such other Marks as are designated in writing by the Company for your use. In addition, you may use them only in the manner authorized and permitted by the Company and you may not directly or indirectly contest the Company’s ownership of or rights in the Marks.~~

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

~~We registered the following Marks with the U.S. on the Principal Register of the United States Patent and Trademark Office (“USPTO”) on the Principal Register. At the appropriate times, we intend to renew the registrations and to file all appropriate affidavits. :~~

<u>REGISTERED MARKS</u>							
Mark	Serial Number	Application Date	Registration Number			Registration Date (Renewal Date)	Register
THE JOINT®	8643 8936	October 29, 2014	4723892			April 21, 2015	Principal
What Life Does To Your Body, We Undo® <u>The Joint... the chiropractic place®</u>			87530923 <u>392255</u>	July 17, 2017	53960 12	February 6, 2018 <u>22, 2011</u> (July 29, 2020)	Principal
THE JOINT CHIROPRACTIC®	8638 9922	September 9, 2014	5095943			December 6, 2016	Principal
			<u>4323810</u>			<u>April 23, 2013</u>	
RELIEF. ON SO MANY LEVELS.®	8643 6250	October 27, 2014	4871809			December 15, 2015	Principal

REGISTERED MARKS

Mark	Serial Number	Application Date	Registration Number	Registration Date (Renewal Date)	Register
WHAT LIFE DOES TO YOUR BODY, WE UNDO.®	8753 0923	07-17- 2017	5396012	Feb. 06 February 6, 2018	Prine ipal
RELIEF RECOVERY WELLNESS®	8753 0845	July 17, 2017	5398367	February 6, 2018	Prine ipal
PAIN RELIEF IS AT HAND®	8753 0813	July 17, 2017	5395995	February 6, 2018	Prine ipal
YOU'RE BACK, BABY®	8836 5744	April 1, 2019	5940161	December 17, 2019	Prine ipal
YOU'RE BACK, BABY®	8859 4960	August 27, 2019	6131833	August 18, 2020	Prine ipal
BE CHIROPRACTICAL®	8731 6382	January 27, 2017	5313693	October 17, 2017	Prine ipal
BACK-TOBER®	8753 0975	July 17, 2017	5571732	September 25, 2018	Prine ipal
<u>DON'T DO PAIN. DO YOU.®</u>			<u>6810062</u>	<u>August 2, 2022</u>	
	8884 6194	March 24, 2020	6331815	April 27, 2021	Prine ipal
	8886 7510	April 10, 2020	6331917	April 27, 2021	Prine ipal
	8886 7833	April 10, 2020	6331918	April 27, 2021	Prine ipal

<u>REGISTERED MARKS</u>						
Mark	Serial Number	Application Date	Registration Number		Registration Date (Renewal Date)	Register
DON'T DO PAIN. DO YOU.	90522324	February 10, 2021	68100	62	August 2, 2022	Principal
FEEL GOOD. LIVE GREAT.	90522314	February 10, 2021	Pending		Pending	Principal

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

<u>UNREGISTERED MARKS</u>		
<u>Mark</u>	<u>Serial Number</u>	<u>Application Date</u>
<u>WELLNESS STARTS HERE™</u>	<u>97821666</u> (application based on actual use)	<u>March 3, 2023</u>
<u>THE JOINT CHIROPRACTIC™</u>	<u>97847430</u> (application based on actual use)	<u>March 20, 2023</u>
<u>WHERE CHAMPIONS ALIGN™</u>	<u>98096286</u> (intent-to-use application)	<u>July 21, 2023</u>

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

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

~~There are no agreements currently in effect that significantly limit the Company's right to use or license the use of the Marks in a manner material to the franchise. The logo is part of the Company's Marks~~ You must follow our rules when using the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You cannot use the Marks relating to the sale of any product or service we have not authorized. If you acquire a Managed Clinic, you may not sublicense the right to use any of our Marks to the Clinic Operator.

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted.

We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our rights to the Marks.

~~We, With respect to the Marks, there are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding.~~

~~We reserve the right to change the Marks you must use at any time. If this happens, you must comply with the change at your expense within a reasonable time after we notify you of the change.~~

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

~~Except as disclosed above, the Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks. You are required to notify the Company immediately when you become aware of the use, or claim of right to, a Mark identical or confusingly similar to our Marks. If litigation involving the Marks is instituted or threatened against you, you must notify the Company; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.~~

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

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

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

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

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

- architectural plans, drawings and specifications for a prototype Clinic
- site selection criteria
- methods, techniques, policies, procedures, standards and specifications
- supplier lists and information
- marketing and merchandising strategies
- financial information
- information comprising the System

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

to use this data during the term of your Franchise Agreement.

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

You must promptly ~~and cooperate fully with the Company in defending or settling the litigation. The Company, at its option, may defend and control the defense of any proceeding relating to any Marks.~~

~~The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchisee's use of the Marks in any state.~~

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights

The Company owns no rights in or to any patents that are material to the franchise.

Copyrights

The Company claims a copyright and treats the information in the Manual as confidential trade secrets, but you are permitted to use the material as part of the franchise. You must promptly tell us when you learn about notify us if you discover any unauthorized use of our copyright, proprietary information or copyrighted materials. We are not obligated to act, but will respond ~~to this information~~ as we deem appropriate. ~~We have the exclusive right to~~ You may not control any proceeding or litigation alleging the involving allegations of unauthorized use of our copyrights, proprietary information or copyrighted materials. We have no obligation to: ~~(i)~~ indemnify you for any expenses or damages arising from any proceeding or litigation involving our ~~copyrights~~; or ~~(ii)~~ participate in your defense if you are a party to an administrative or judicial proceeding involving our copyrights. At any time we may change our copyrighted items and you must comply with these changes at your expense within a reasonable time after notice from us proprietary information or copyrighted materials. There are no infringements ~~that are~~ known ~~by~~ to us at this time.

Confidential Operations Manual

~~Under the Franchise Agreement, you must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. You will be loaned a copy of the Manual for the term of the Franchise Agreement, when you have completed the initial training program to our satisfaction. You must operate your Location Franchise strictly in accordance with the Manual, as it may be revised by the Company from time to time.~~

~~You must at all times, treat the Manual and the information in it, as well as any other materials created for or approved by use for the operation of your Franchised Business, as confidential, as required by the Franchise Agreement. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be returned in the event that you cease to be a Location Franchise Owner.~~

~~We may from time to time revise the contents of the Manual, and you must comply with each new or changed provision. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copies maintained by us at Company's home office will be controlling.~~

Confidential Information

~~The Franchise Agreement requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by the Company as confidential and includes the Manual. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by the Company.~~

~~Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by~~

~~you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Franchise Agreement. If you, your employees, or Principal Owners develop any new concept, process or improvement in the operation or promotion of a The Joint® Franchise (an “Improvement”), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. Improvements will be considered “Confidential Information”. You and your Principal Owners agree to assist us in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights.~~

~~See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchise Business.~~

Item 15

OBLIGATION TO PARTICIPATE IN THE

~~Item 13~~ ITEM 15 ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Owner Participation

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

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

General Manager

~~Franchisees are expected to participate in the direct operation of their franchise on a full-time basis. If they cannot, then they are obligated to have a fully trained Manager operate the franchise. However, we believe that a person with an equity interest can best ensure that our standards of quality and competence are maintained. The Franchise Agreement requires that you, or a designated Manager, be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the Franchised Business. While in most cases Franchisees will seek additional assistance for the labor-intensive portions of the business, we have built our reputation on Franchisee participation and believe it is crucial for continued success. In any case, when making decisions relating to the operation of the Location, the Franchisees should keep in mind that at least one licensed chiropractor must be present in the Location Franchise at all times, during the hours of business of the Location Franchise.~~

~~Any Manager you employ at the launching of your franchise operations must complete the initial management training course required by the Company. All subsequent Managers must be trained fully according to our standards by either the Franchisee or the Company. However, the Company may charge a fee for this additional training.~~

~~Each Principal Owner who holds an interest in the Franchisee must personally guarantee all of the obligations of the Franchisee under the Franchise Agreement. (See Exhibit 2 to the Franchise Agreement for the form of Guaranty and Assumption of Obligations.) The Guaranty and Assumption of Obligations must be executed by the spouse(s) of the Franchisee, and all its owners, partners, etc. You must submit your operating agreement and statement of legal formation if you are an LLC and the appropriate corporate documents if you are incorporated. You are obligated to maintain them in good standing and submit copies of the by-laws and resolutions as may be required.~~

~~At the Company's request, you must obtain and deliver executed covenants of confidentiality and non-competition (See Exhibit E) from any persons who have or may have an ownership interest in the Franchisee or in the franchise, any Managers, or any other persons who receive or have access to training and other Confidential Information under the System. The covenants must be in a form satisfactory to us, and must provide that we are a third-party beneficiary of, and have the independent right to enforce the covenants. You may not transfer any~~

~~interest in the Franchise, the franchise agreement, or the lease for the Premises of the Franchise, without our prior written consent.~~

Item 16

RESTRICTIONS ON WHAT THE FRANCHISE OWNER MAY SELL

~~You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual and in other writings by the Company from time to time. You must use the Premises only for the operation of your Franchised Business and may not operate any other business at or from the Premises without the express prior written consent of the Company.~~

~~The Company requires you to offer and sell only those goods and services that the Company has approved. The Company maintains a written list of approved goods and services in its Manual, which the Company may change from time to time. If you sell unapproved goods or services or fail to report them, we have the right to charge you fees, and if you continue to do so after written notice is given to you, the Company may terminate your franchise.~~

~~You must offer all goods and services that the Company designates as required for all franchises. In addition, the Company may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before the Company will allow you to offer certain services.~~

~~We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational goods and services; however, such goods and services will be reasonably related to our franchise system or model.~~

~~We do not currently have any restrictions or conditions that limit access to customers to whom the Franchisee may sell goods or services~~

~~You, the Franchisee, are specifically prohibited and not authorized to offer products or services identical or similar to the products or services offered by us through any means or through any other entity in which you may have an interest, other than your franchise.~~

Item 17

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

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

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

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

RENEWAL, TERMINATION, TRANSFER

Item 14 ITEM 17 , AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
a. the Length of franchise term	Section 2.1 <u>FA: 1 (Definition of “Term”) & 5.1</u>	<u>Term is equal to 10 years.</u>
	<u>MCA: 12.2</u>	<u>Coterminous with Franchise Agreement.</u>

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
	ADA: 1 (Definition of "Term")	Term expires on the opening date listed in the development schedule for the last Clinic you are required to develop.
b. Renewal or extension of the term	Section 2.4 FA: 5.1 & 5.2	Your renewal rights permit you to remain a Franchisee after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the required pre-meet our conditions to for renewal, you can enter into 1 consecutive successor franchise agreement. The renewal, we term will offer you the right to 1 renewal term of be 10 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	MCA: 12.2	Coterminous with Franchise Agreement.
	ADA: 4.4	No renewal rights (subject to state law).
c. Requirements for franchisee you to renew or extend	Section 2.4 FA: 5.1 & 5.2	You must: have substantially complied with your Franchise Agreement; given not be in default; give us timely notice to us of your intent to renew between 12 and 24 months before the expiration of the initial term of the franchise; sign a new Franchise Agreement in our then-current form which may include terms of franchise agreement and conditions materially different from those in the original related documents (e.g., Franchise Owner Agreement; etc.); sign general release of claims (in a form substantially similar to that attached in Exhibit L) against us and related parties (subject to state law); pay the applicable renewal fee; cure any defaults pay clinic design fee and remodel Clinic in accordance with new Clinic Design; upgrade furniture, fixtures and equipment to current standards; and pay all amounts owed to us. extend lease for duration of renewal term. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	MCA: 8.5	Coterminous with Franchise Agreement. The MCA provides that as an additional condition to renewal of the Franchise Agreement, you must sign our then-current form of Managed Clinic Addendum. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: 4.4	You may not renew or extend the term of ADA (subject to state law).
d. Termination by you	FA: 21.1	You can terminate if we default and fail to timely cure.
d. Termination by franchisee	None MCA: Not Applicable	You may can terminate under any grounds permitted by law.
	ADA: Not Applicable	

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
e. - <u> </u> Termination by franchisor <u>us</u> without cause	None FA: 21.3 & 21.4	None We can terminate without cause if you and we mutually agree to terminate. We may also terminate if our counsel advises our business model or fee structure is unlawful in your state and either you and we fail to agree on changes to the business model or fee structure to make it lawful or the required changes would result in fundamental changes to the Franchise Agreement. This would be deemed a “no fault” termination and we would not impose liquidated damages.
	<u>MCA: Not Applicable</u>	<u>Not applicable</u>
	<u>ADA: Not Applicable</u>	
f. - <u> </u> Termination by franchise <u>us</u> with cause	Section 15 FA: 21.2	Various breaches of Franchise Agreement. We can terminate if you default.
	<u>MCA: 11</u>	
	<u>ADA: 8.2</u>	
g. “Cause” defined— <u> </u> curable defaults	Section 15 FA: 21.2	1) you fail to maintain a valid license to practice and/or fail to comply with any state and federal regulations, other than those covered by subsection Section 15(f), and do not cure the failure within 20 days after written notice is given to you; or 2) you do not pay when due any monies owed to us or our affiliates, and do not make payment within 10 days after written notice is given to you; or 3) you fail to procure or maintain the required credentialing reporting for chiropractors and any and all insurance coverage that we require, or otherwise fail to name us as an additional insured on any required insurance policies and failure to do so within 10 days after written notice is given to you; 4) you or any of your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, requirement, standard, or operating procedure, including those in our Manual, and you fail to make the required changes or to comply with such provision, specification, requirement, standard or operating procedure, within 30 days after written notice of your failure to comply is given to you. <u>You have 10 days to cure any: monetary default; failure to maintain required insurance; or failure to procure required credentialing reports.</u> <u>You have 20 days to cure any failure to maintain a license (other than a license necessary to treat patients or operate the Clinic in which case there is no cure period).</u> <u>You have 90 days after receipt of a default notice to cure a failure to open by the Required Opening Date (but in no event will the cure period extend more than 180 days after the Required Opening Date, regardless of when we send a default notice).</u> <u>You have 30 days to cure any other default, other than defaults described below under “non-curable defaults”.</u>

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
	MCA : 11	You have 30 days to cure any default, other than defaults described below under “non-curable defaults”.
	ADA : 8.2	

<p>h. "Cause" defined — <u>non-curable defaults</u></p>	<p>Section 15 <u>FA: 21.2 & 21.3</u></p>	<p>1) you fail to open your Franchise for business by the Opening Deadline, subject to the extension set forth in Section 3.1(c); or 2) you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate, the Franchise, or your lease for or purchase of the location of the Franchise is terminated for any reason; or 3) you or your Principal Owners assign or Transfer this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Section 14; or 4) You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debt generally as they become due; your consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your Location Franchise is attached, seized, subjected to a writ of distress, warrant, or levied upon; 5) you use, sell, distribute or give away any unauthorized services or products on three or more occasions within any consecutive 12-month period; or 6) you or any of your employees or independent contractors fail to maintain any licenses or permits necessary for the treatment of patients or the operation of the Franchise and/or fail to comply with any state and federal regulations which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or 7) you, any of your Principal Owners, or any of your employees or independent contractors are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime, offense, or regulatory violation, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or 8) you or any of your employees or independent contractors are involved in any action or activity, including but not limited to dishonest, unethical, or illegal actions or activities, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or 9) You (or any of your owners) have made or knowingly make a material false or incomplete statement, or false or incomplete representation, in any report, document, statement, or agreement submitted to us; 10) We discover that you knowingly made a material false or incomplete statement, or false or incomplete representation, to us to obtain the Franchise, or through the submission of any documentation required to be submitted to us or a third party as required by the terms of the Franchise Agreement; 11) You (or any of your owners) participate in in-term competition contrary to Section 9.3; 12) you fail to timely notify of any</p>
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THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
		<p>event, action or other action identified in Section 10.6, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or 13) you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety threat, hazard or danger to your customers or the public, which hazard, threat or danger you acknowledge is determined by our commercial business judgment; or 14) you or any of your Principal Owners receive 3 or more written notices of default from us, within any period of 12 consecutive months, concerning any material breach by you, whether or not such breaches shall have been cured.<u>The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; abandonment; failure to maintain required license or permit to treat patients or operate Clinic; conviction of certain crimes or subject of certain administrative actions; failure to comply with material law; failure to timely notify us of any event or occurrence described in §16.5(d); commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; unauthorized Transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of legal compliance representations; breach of Franchise Owner Agreement; termination of lease due to your default; 3 or more default notices in a 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.</u></p>
	<p><u>MCA: 11</u></p>	<p><u>The following defaults cannot be cured: failure to identify Clinic Operator and sign Management Agreement in timely manner; failure to sign Management Agreement with a substitute Clinic Operator in timely manner following discontinuation of relationship with former Clinic Operator; or termination of Acceptance and Acknowledgment Agreement due to Clinic Operator's default.</u></p>
	<p><u>ADA: 8.2</u></p>	<p><u>If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.</u></p>

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
i. Franchisee's <u>Your</u> obligations on termination/ non- renewal	Section 16 <u>FA: 22.1</u>	Includes payment of money owed to us, return of printed copies of the Manual, cancellation of assumed names and transfer of phone numbers, cease using Marks, cease operating Franchised Business, no confusion with Marks, our option to purchase your inventory and equipment, your modification of the premises and our option to purchase your Franchised Business. Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Clinic; enter all patient information into the operating system and shred or destroy all other copies or records of patient information; cease use of intellectual property, including office management software; return Manual and branded materials; delete social media accounts; assign telephone numbers, listings and domain names; provide us with a patient list and all associated records, membership agreements and/or contracts (subject to applicable privacy laws); cancel fictitious names; comply with data retention policies; and pay amounts due including, if applicable, liquidated damages (also see "r", below).
	MCA: Not Applicable	The MCA does not impose any post-term obligations on you.
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by franchisor <u>us</u>	Section 14.3 <u>FA: 20.1</u>	No restriction on <u>our</u> right to transfer <u>assign</u> .
	MCA: 12.4	
	ADA: 7.1	
k. “Transfer” by franchisee defined <u>you</u> definition	Section 14 <u>FA: 1</u> (definition of “Transfer”) & 20.2	Includes assignment of Franchise Agreement, sale ownership change or merger of business entities, transfer of corporate stock, death of Franchisee <u>contract</u> or change of ownership of Franchisee <u>assets</u> .
	MCA: 12.4	
	ADA: 1 (definition of “Transfer”) & 7.2	
l. Our approval of transfer by you	Section 14.4 <u>FA: 1</u> (definition of “Permitted Transfer”), 20.2 & 20.3	You need the Company’s approval to transfer Location ownership or any fractional ownership interest. You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	MCA: 12.4	The Transfer provisions of the Franchise Agreement control.
	ADA: 1 (definition of “Permitted Transfer”) & 7.2	You may engage in a Permitted Transfer without approval. You may not engage in any other Transfer involving the ADA (subject to state law).

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
<p>m. Conditions for our approval of transfer by you</p>	<p>Section 14.5 FA: 20.2</p>	<p>New owner must have sufficient business experience, aptitude and financial resources to operate the franchise; you must pay all amounts due us or our affiliates; new owner and its director must successfully complete our initial training program; the new Franchisee and its owners and spouses must execute a guaranty in our favor; your landlord must consent to transfer of the lease, if any; you must pay us the applicable transfer fee; you and your Principal Owners must sign a general release in favor of us, our affiliates, and our and their officers, directors, employees and agents (subject to state law); if applicable, the new owner must agree to remodel to bring the franchise to current standards; new owner must assume all obligations under your Franchise Agreement or, at our option, sign a new Franchise Agreement using our then current form; the new Franchisee and its owners and spouses must execute a guaranty in our favor; you and your Principal Owners must sign a non-competition agreement agreeing not to engage in a competitive business for 24 months within 25 miles of your Location Franchise or any other Location Franchise. We also have a right of first refusal and may approve or disapprove the material terms of the transfer, and require that you subordinate any installment payments to the new owners' obligation to pay us. You and the new Franchisee, and all your and its owners and spouses, must execute a transfer agreement in a form substantially similar to that attached as Exhibit</p> <p><u>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under agreements relating to the Clinic; sign then-current form of franchise agreement for remainder of term (with no renewal fee) or for a full 10-year term (with payment of prorated renewal fee) (or at our option, transferee must assume existing franchise agreement); remodel Clinic and upgrade furniture, fixtures and equipment to conform to then-current standards within 6 months after Transfer (and pay clinic design fee if we decide a new Clinic Design is required); and upgrade furniture, fixtures and equipment to current standards. If you own a Franchised Clinic but the transferee is not eligible to own a Franchised Clinic, the transferee must also take the steps necessary to convert the business to a Managed Clinic.</u></p> <p><u>You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay transfer fee; subordinate transferee's ongoing payments owed to you (if any) to transferee's financial obligations owed to us; and sign general release (subject to state law).</u></p> <p><u>We must notify you that we will not exercise our right of first refusal. L</u></p>

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
	MCA : 12.4	The Transfer provisions of the Franchise Agreement control, except the MCA may not be assigned to an assignee of the Franchise Agreement who is eligible to acquire franchise rights for a Franchised Clinic.
	ADA : 7.2	You do not need approval for a Permitted Transfer but we may require a corporate guarantee if the Permitted Transfer is to an affiliated business entity.
n. - Our right of first refusal to acquire your business	Section 14.6 FA : 20.6	We have the option to can match any offer for your Franchised Business business .
	MCA : Not Applicable	Right of first refusal from Franchise Agreement governs.
	ADA : Not Applicable	Not Applicable
o. - Our option to purchase your business	Section 16.6 FA : 22.2	We have the option to purchase your Franchised Business upon Clinic at the expiration or termination or non-renewal and you of the Franchise Agreement. If we exercise this option, the parties must sign an Asset Purchase Agreement , our standard current form of asset purchase agreement (which is attached to this Disclosure Document as Exhibit N) EXHIBIT "H"-5 .
	MCA : Not Applicable	Purchase option from Franchise Agreement governs.
	ADA : Not Applicable	The ADA does not include a purchase option.
p. Death Your death or disability of you	Section 14.7 FA : 20.5	Franchise Within 180 days, interest must be assigned by estate to approved buyer within 45 days. an assignee in compliance with conditions for other Transfers. We may designate manager to operate the Clinic prior to Transfer.
q. Non-competition covenants during the term of the franchise	Section 9.3 MCA : Not Applicable	You cannot be involved in a competitive business during the term of the Agreement. Transfer provision from Franchise Agreement governs.
	ADA : 7.2	Interest must be assigned through a Permitted Transfer.
r. Non-competition covenants after during the term of the franchise is terminated or expires	Section 9.3 FA : 15.3	No involvement in competing business for 24 months within a 25 mile radius of any Location Franchise. This restriction only applies. A “competing business” is limited to the operation of a private pay, non-insurance based chiropractic business that operates under a membership model and that is not part of a franchise system. derives (or is expected to derive) at least \$10,000 per year from chiropractic services. It does not otherwise restrict you or your owners from operating a chiropractic business.
	MCA : Not Applicable	The MCA does not impose any noncompetition covenants.
	ADA : Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is	FA : 15.3 & 22.1	No involvement for 2 years in competing business at your Clinic’s premises, within 10 miles of your Clinic or within 10 miles of any other Clinic.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
terminated or expires	MCA: Not Applicable	The MCA does not impose any noncompetition covenants.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. - Modification of the agreement	Section 20 FA: 25.3 & 25.8	Must be in writing by both sides. Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	MCA: 12.1	Requires writing signed by both parties.
	ADA: 11.7	Requires writing signed by both parties. Other modifications to comply with state laws.
t. - Integration/ merger clause	Section 20 FA: 25.8	Only the terms of the Franchise Agreement, MCA (if applicable) and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and Franchise Agreement, MCA and ADA may not be enforceable. Nothing in the Franchise Agreement, MCA, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
	MCA: 12.1	
	ADA: 11.7	
u. - Dispute resolution by arbitration or mediation	Section 17.9 FA: 23	Except for certain claims, we and you must mediate all disputes in Maricopa County, Arizona (subject to state law) Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	MCA: 12.2	Dispute resolution provision in Franchise Agreement governs.
	ADA: 9	Subject to state law, all disputes must be mediated before litigation.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN Franchise or Other AGREEMENT	SUMMARY
v. Choice of forum	Section 17.11 FA: 23	Subject to state law, mediation will and litigation must take place at the American Arbitration Association offices nearest to in county where we maintain our principal place of business, except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. Subject to state law, venue for any litigation is the state courts in at time dispute arises (currently, Maricopa County, Arizona, and Federal Courts for the U.S. District Court for the District of Arizona).
	MCA: 12.2	Forum selection clause in Franchise Agreement governs.
	ADA: 9	Subject to state law, mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Maricopa County, Arizona).
w. Choice of law	Section 17.11 FA: 25.1	Subject to state law. Arizona law governs, (except for matters regulated by the United States Trademark Act (subject to state law).
	MCA: 12.2	Choice of law provision in Franchise Agreement governs.
	ADA: 11.1	Subject to state law, Arizona law governs.

~~Applicable state law might require additional disclosures or requirements related to the information contained in this Disclosure Document. These additional disclosures, if any, appear in [Exhibit J](#) of this Disclosure Document.~~

Item 18

~~Item 15~~ **ITEM 18 PUBLIC FIGURES**

~~The Company does~~ We do not use any public figures to promote ~~its~~ our franchise.

Item 19

Item 16 ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Defined Terms

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

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

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

— ~~“Facilities Expense”~~ includes the following costs: rent, CAM's, utilities, music, telephone, internet and property taxes. ~~We have not included reported expenses for maintenance, janitorial or trash because numerous Clinics reported abnormally high costs resulting from Clinic “refreshes” conducted during the year (“refreshes” normally take place at the time of renewal). The costs associated with these refreshes skewed the results in a manner that did not accurately reflect the ongoing costs incurred by a franchised Clinic for maintenance, janitorial or trash.~~ repairs and maintenance.

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

— ~~“Insurance”~~ includes the cost of general liability insurance and professional liability insurance. The cost of property insurance is reflected in the Facilities Expense line item. For franchisees operating under the PC model, the franchisee reimburses the PC for malpractice insurance premiums paid on behalf of the

PC entity (or the franchisee pays these premiums directly) so the total expenditure is the same under both models.

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

“**Net Profit**” means Gross Sales minus Cost of Goods, Labor, Facilities Expense, Insurance, Operating Expense, Royalty Fees and ~~Contributions to the Advertising~~ Brand Fund Fees.

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

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

System Statistics & Subsets Utilized

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

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

The financial performance representations based on Gross Sales, weekly patient visits (total), weekly patient visits (new patients) and active members include data from the 592696 franchised Clinics in the United States that reported sales during each month from January 1, 20223 through December 31, 20223 (each a “Qualifying Clinic”). ~~We included data from 2 company-owned Clinics that were resold to franchisees during 2022.~~ We excluded data from: (i) ~~121a~~ 104 Clinics that opened during 20223 and did not report sales for 1 or more months for 20223; and (ii) ~~20b~~ 16 Clinics that closed or were reacquired during 20223 and did not report sales for 1 or more months for 20223.

We provide the data for the overall system ([592,696](#) Qualifying Clinics) and we also break down the data into “quartile” subsets that are determined based on the total annual Gross Sales reported by each Qualifying Clinic for [2022](#), with Quartile 1 being the highest performing quartile and Quartile 4 being the lowest performing quartile.

~~In addition to providing Gross Sales data for 2022, we have also included the same Gross Sales data for 2021 for the 504 Clinics that were Qualifying Clinics with respect to the 2021 calendar year and for 2020 for the 448 Clinics that were Qualifying Clinics with respect to the 2020 calendar year. For purposes of the 2021 Gross Sales data, we have excluded data from: (i) 110 Clinics that opened during 2021 and did not report sales for 1 or more months for 2021; and (ii) 12 Clinics that closed or were reacquired during 2021 and did not report sales for 1 or more months for 2021. For purposes of the 2020 Gross Sales data, we have excluded data from: (i) 67 Clinics that opened during 2020 and did not report sales for 1 or more months for 2020 (in 3 instances we included data for Clinics that opened after January 1, 2020 because they reported Gross Sales for the month of January); (ii) 8 Clinics that closed or were reacquired during 2020 and did not report sales for 1 or more months for 2020;~~

The financial performance representation regarding [2022](#) Gross Sales, weekly patient visits (total), weekly patient visits (new patients) and average active members includes data for all [592,696](#) Qualifying Clinics that reported sales during each month of [2022](#). ~~The financial performance representations regarding 2021 Gross Sales includes data for all 502 Qualifying Clinics that reported sales during each month of 2021. 2020 Gross Sales includes data for all 448 Qualifying Clinics that reported sales during each month of 2020.~~ The following table identifies the number of franchised Clinics open for the full measuring period of [2020](#), [2021](#), and [2022](#) as well as the number of Clinics within each Quartile.

Franchise Clinic Statistics for 2023 Gross Sales Financial Performance Representation				
	2022		2021	2020
Quartile	(Open January 1, 2023 to December 31, 2023)	(Open January 1, 2021 to December 31, 2021)	(Open January 1, 2020 to December 31, 2020)	
	<p>Months in Operation Average: 68.7 Median: 66 Newest: 13 Oldest: 233 Attained Avg: 28 (48.8%)</p>	<p>Months in Operation Average: 67.6 Median: 67 Newest: 13 Oldest: 221 Attained Avg: 251 (49.8%)</p>	<p>Months in Operation Average: 63.2 Median: 61 Newest: 13 Oldest: 209 Attained Avg: 221 (49.3%)</p>	

Quartile	Number of Qualifying Clinics <u>Clinic Count</u>	Percentage of Total System	Number of Qualifying Clinics	Percentage of Total System	Number of Qualifying Clinics	Percentage of Total System
1	1748	25%	126	25%	112	25%
2	1748	25%	126	25%	112	25%
3	1748	25%	126	25%	112	25%
4	1748	25%	126	25%	112	25%
Total	592696	100%	504	100%	448	100%

b. *Net Profit*—

The Net Profit financial performance representation is based upon data from 358330 franchised Clinics in the United States that (i) reported sales during each month in 2023; and (ii) provided us with profit and loss statements for the 2023 calendar year on or prior to March 17, 2022, 20, 2023, which is the date we compiled the data for the financial performance representation. We excluded data from: (i) ~~121 Clinics~~ 104 Clinics that opened during 2023 and did not report sales for 1 or more months for 2022; (ii) ~~23~~ 2023; (b) 16 Clinics that closed, were acquired then resold to new franchisees, or were reacquired during 2023 and did not report sales for 1 or more months for 2023; and (iii) ~~211~~ (c) 366 Clinics that reported sales during each month in 2023 but failed to provide us with a 2023 profit and loss statement on or prior to March 31, 20, 2023. We provide the Net Profit data for all 358330 franchised Clinics that met the criteria above and we also break down the data into “quartile” subsets, with Quartile 1 being the highest performing clinics and Quartile 4 being the lowest performing quartile. In addition, we extracted the clinics in Quartile 1 with Gross Sales in excess of \$1 million (“Million Dollar Clinics” or “\$1M Clinics”) and added an additional chart B-2.

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

The average period of operation for the 358330 franchised Clinics in 2023 whose Net Profit data has been provided was ~~71.7~~ 72.5 months (see table below). The average period of operations for the 592696 franchised Clinics whose Gross Sales data has been provided closely approximates the average period of operation ~~was 67 of~~ 69.7 months.—

Statistics and Period of Operation for 2022~~23~~ Net Profit Financial Performance Representation

Quartile	Number of Clinics	Average Period of Operation Operations (Months)		Number and Percent that Operated Longer than Average	Median Period of Operation	Longest Period of Operation
		Average (Months)	Longer than Average (Number & Percent)	Median (Months)	Longest (Months)	
1	29 ⁸³	94.3 ^{92.4}	18 ⁴⁵ of 29 ^{(62)83} (54%)	105 ⁹⁴ months	139 ¹⁸⁷ months	
2	90 ⁸²	86.7 ^{85.3}	43 ⁴² of 90 ^{(48)82} (51%)	85 ^{86.5} months	147 ²²³ months	
3	89 ⁸²	84.9 ^{68.2}	46 of 89 ^(52%)	87 months	212 months	
4	90 ⁸³	48.5 ^{44.2}	32 ²⁸ of 90 ^{(36)83} (34%)	35.5 ²⁶ months	170 ¹⁴³ months	
Total	358 ³³⁰	71.7 ^{72.5}	182 ¹⁵³ of 358 ⁽⁵¹⁾ 330 (46%)	73 ⁶² months	242 ³ months	

c. *Gross Sales Ramp Up*—

The Gross Sales ramp up financial performance representation presents the average monthly Gross Sales for the initial 12 months of operation for all franchised Clinics that opened during 2022~~23~~. There were: ~~(i) 121~~¹⁰⁴ franchised Clinics that opened in 2022~~23~~. The Gross Sales Ramp Up financial performance representation includes Gross Sales data for all ~~121~~¹⁰⁴ franchised Clinics that opened in 2022~~23~~.

Financial Performance Representation

The following operating results are unaudited.

Gross Sales

Part A includes: ~~(i) 2022~~²⁰²³ annual Gross Sales for January 1, 2022~~23~~ through December 31, ~~2022~~; and ~~(ii) 2021 annual Gross Sales for January 1, 2021 through December 31, 2021~~; and ~~(iii) 2020 annual Gross Sales for January 1, 2020 through December 31, 2020~~²⁰²³. The data includes the average, median, highest and lowest Gross Sales and is broken down into Quartiles. The data is based on the actual historical Gross Sales figures for these outlets. The data is presented in the following ~~3 tables~~^{table}:

- ~~Table A-1~~ – Gross Sales for ~~2022~~⁽⁵⁹²⁾~~2023~~ (~~696~~ Franchised Clinics)
- ~~Table A-2~~ – Gross Sales for 2021 (~~504~~ Franchised Clinics)
- ~~Table A-3~~ – Gross Sales for 2020 (~~448~~ Franchised Clinics)

Net Profit

Part B includes 2022²³ Net Profit data for January 1, 2022²³ through December 31, 2022²³. The data includes the average, median, highest and lowest Net Profit and is broken down into Quartiles. The data is based on the actual historical Net Profit figures for these outlets. The data is presented in the following 5⁶ tables:

- Table B-1 - Net Profit for 2022²³: All Qualifying Outlets (~~358~~330 Franchised Clinics)
- Table B-2- Net Profit for 2022²³: Million Dollar Franchised Clinics (29 Franchised Clinics)
- Table B-3 - Net Profit for 2022²³: Quartile 1 (~~90~~83 Franchised Clinics)
- Table B-4 - Net Profit for 2022²³: Quartile 2 (~~89~~82 Franchised Clinics)
- Table B-5 - Net Profit for 2022²³: Quartile 3 (~~89~~82 Franchised Clinics)
- Table B-6 - Net Profit for 2022²³: Quartile 4 (~~90~~83 Franchised Clinics)

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

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Weekly Patient Visits

Part C includes 2022²³ weekly patient visits statistics for January 1, 2022²³ through December 31, 2022²³. We have separately provided data for: (i^a) all patient visits; and (ii^b) new patient visits. The data includes the average, median, highest and lowest number of weekly patient visits and is broken down into Quartiles. The data is based on the actual historical weekly patient visits figures for these outlets. The data is presented in the following 2 tables:

- Table C-1 - Weekly Patient Visits (Total Patients) for ~~2022~~(~~592~~2023 (696 Franchised Clinics)
- Table C-2 - Weekly Patient Visits (New Patients) for ~~2022~~(~~592~~2023 (696 Franchised Clinics)

Active Members

Part D includes 2022²³ monthly “active member” data for January 1, 2022²³ through December 31, 2022²³. An “active member” refers to a patient that has signed a membership agreement and paid the monthly membership

fee for the applicable month. The data includes the average, median, highest and lowest number of monthly active members and is broken down into Quartiles. The data is based on the actual active member figures for these outlets. The data is presented in the following table:

- Table D-1 - Active Members for ~~2022 (592)~~2023 (696) Franchised Clinics)

Gross Sales Ramp Up

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

- Monthly Gross Sales for the initial 12 months of operation by each of the ~~121~~104 franchised Clinics that opened in ~~2022~~23.

The 12-month Gross Sales ramp up period for each Clinic is a rolling 12-month period commencing with the month in which the Clinic opened. With respect to Clinics that opened in ~~2022~~23, we measured their monthly Gross Sales from the opening month through December 31, ~~2022~~23. As a result, we did not provide a full 12 months of Gross Sales data for any Clinic that opened on or after February 1, ~~2022~~23.

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

- Table E-1 – Gross Sales Ramp Up (~~121~~104 Franchised Clinics)

Part A: Gross Sales Financial Performance Representation

Table A-1 - Gross Sales for 2022 (592) 2023 (696) Franchised Clinics)							
Quartile	Number of Clinics	Percent of Network (sample)	Average	Median	Highest	Lowest	Number and Percentage that Attained or Exceeded Average
1	174 8	25%	\$963,202 9 31,078	\$917,222 869,390	\$1,566,670 708,357	\$754,299 729,518	58 65 of 148 (39) 174 (37%)
2	174 8	25%	\$654,937 6 23,437	\$649,021 619,738	\$754,128 7 28,182	\$561,701 532,321	70 86 of 148 (47) 174 (49%)
3	174 8	25%	\$470,952 4 53,915	\$463,484 453,461	\$560,374 5 31,867	\$393,866 388,293	70 86 of 148 (47) 174 (49%)
4	174 8	25%	\$300,127 2 88,786	\$314,200 297,328	\$393,598 3 86,886	\$124,603 144,036	82 93 of 148 (55) 174 (53%)
Total	592 696	100%	\$597 74,304	\$561,038 532,094	\$1,566,670 708,357	\$124,603 144,036	265 304 of 592 (45) 696 (44%)

Part B:

Table A-2 - GROSS SALES B-1 - Net Profit for 2021 (504) 2023: All Qualifying Outlets (330) Franchised Clinics)						
Financial Metric	Average	Achieved or Surpassed Average	Percentage of Gross Sales	Median	Highest	Lowest
Average Gross Sales	\$615,487	146 of 330 (44%)	100.0%	\$579,944	\$1,547,543	\$142,288
Cost of Goods	\$0	330 of 330 (100%)	0.0%	\$0	\$0	\$0
Labor Expense	\$292,170	142 of 330 (43%)	47.5%	\$270,474	\$743,285	\$33,397
Facilities Expense	\$64,307	143 of 330 (43%)	10.4%	\$62,163	\$151,225	\$30,565
Insurance	\$8,299	160 of 330 (48%)	1.3%	\$8,056	\$33,210	(\$2,621)
Operating Expense	\$84,507	144 of 330 (44%)	13.7%	\$80,874	\$202,544	\$16,854
Royalty Fee	\$43,084	146 of 330 (44%)	7.0%	\$40,596	\$108,328	\$9,960
Brand Fund Fee	\$12,310	146 of 330 (44%)	2.0%	\$11,599	\$30,951	\$2,846
Net Profit	\$110,810	154 of 330 (47%)	18.0%	\$101,873	\$703,325	(\$230,140)

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

<u>Brand Fund Fee</u>	<u>\$23,502</u>	<u>15 of 27 (56%)</u>	<u>2.0%</u>	<u>\$24,207</u>	<u>\$30,951</u>	<u>\$20,002</u>
<u>Net Profit</u>	<u>\$336,465</u>	<u>12 of 27 (44%)</u>	<u>28.6%</u>	<u>\$304,532</u>	<u>\$703,325</u>	<u>\$129,941</u>

Table B-3 - Net Profit for 2023: Quartile 1 (83 Franchised Clinics)

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

Table B-4 - Net Profit for 2023: Quartile 2 (82 Franchised Clinics)

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

Table B-5 - Net Profit for 2023: Quartile 3 (82 Franchised Clinics)

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

Table B-6 - Net Profit for 2023: Quartile 4 (83 Franchised Clinics)

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



Part C: Weekly Patient Visits

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

Quartile	Number of Clinics	Percent of Network (sample)	Average	Median	Highest	Lowest	Number and Percentage that Attained or Exceeded Average
1	126 <u>174</u>	25%	\$945,368 <u>499</u>	\$900,950 <u>478</u>	\$1,664,785 <u>807</u>	\$739,707 <u>388</u>	51 <u>73</u> of 126 <u>174</u> (42%)
2	126 <u>174</u>	25%	\$641,810 <u>331</u>	\$634,834 <u>331</u>	\$732,383 <u>387</u>	\$563,863 <u>282</u>	59 <u>86</u> of 126 <u>174</u> (49%)
3	126 <u>174</u>	25%	\$490,039 <u>243</u>	\$489,465 <u>241</u>	\$563,694 <u>282</u>	\$410,190 <u>205</u>	63 <u>85</u> of 126 <u>174</u> (49%)
4	126 <u>174</u>	25%	\$320,118 <u>158</u>	\$338,571 <u>164</u>	\$409,799 <u>205</u>	\$139,212 <u>67</u>	71 <u>97</u> of 126 <u>174</u> (56%)
Total	504 <u>696</u>	100%	\$599,334 <u>308</u>	\$563,778 <u>282</u>	\$1,664,785 <u>807</u>	\$139,212 <u>67</u>	217 <u>296</u> of 504 <u>696</u> (43%)

Quartile	Number of Clinics	Percent of Network (sample)	Average	Median	Highest	Lowest	Number and Percentage that Attained or Exceeded Average
1	112 <u>173</u>	25%	\$777,608 <u>32</u>	\$745,799 <u>30</u>	\$1,511,654 <u>76</u>	\$601,157 <u>24</u>	46 <u>62</u> of 112 (41 <u>173</u>) (36 %)
2	112 <u>174</u>	25%	\$523,218 <u>21</u>	\$524,177 <u>21</u>	\$599,211 <u>24</u>	\$461,487 <u>18</u>	57 <u>78</u> of 112 (51 <u>174</u>) (45 %)
3	112 <u>174</u>	25%	\$398,723 <u>16</u>	\$399,917 <u>16</u>	\$461,484 <u>18</u>	\$342,585 <u>14</u>	57 <u>84</u> of 112 (51 <u>174</u>) (48 %)
4	112 <u>175</u>	25%	\$255,534 <u>11</u>	\$265,999 <u>12</u>	\$338,950 <u>14</u>	\$72,884 <u>4</u>	60 <u>98</u> of 112 (54 <u>175</u>) (56 %)
Total	448 <u>696</u>	100%	\$488,771 <u>20</u>	\$461,485 <u>18</u>	\$1,511,654 <u>76</u>	\$72,884 <u>4</u>	199 <u>281</u> of 448 (44 <u>696</u>) (40 %)

Part ~~B~~: ~~_____~~ ~~D~~: Active Members

- Quartile	Average Number of Clinics	Percent of Network (sample)	Achieved or Surpassed Average	Percentage of Gross Sales	Median	Highest	Lowest
Average Gross Sales¹	\$585,694 <u>174</u>	25% <u>158</u> of 358 (44%)	100.0% <u>995</u>		\$552,166 <u>924</u>	\$1,501,678 <u>2,489</u>	\$61,900
Cost of Goods²	\$0 <u>172</u>	0 of 358 (0%) <u>25%</u>	0.0% <u>656</u>		\$0 <u>654</u>	\$0 <u>758</u>	\$0
Labor Expense			150 of 358 (42%)		45.6%	\$242,236	
Facilities Expense			173 of 358 (48%)		10.2%	\$59,177	
Insurance³	\$7,327 <u>175</u>	157 of 358 (44%) <u>25%</u>	1.3% <u>467</u>		\$6,180 <u>462</u>	\$45,678 <u>553</u>	\$0
Operating Expense			164 of 358 (46%)		13.9%	\$78,336	

Royalty Fee ⁴	\$40,999 ¹⁷⁵	158 of 358 (44%) ^{25%}	7.0% ²⁸⁹	\$38,652 ²⁹⁹	\$105,117 ³⁹³	\$4,3
Advertising Fund Contribution ^{Total}	\$11,714 ⁶⁹⁶	100%	601	553	2,489	9
Net Profit	\$117,336	168 of 358 (47%)	20.0%	\$105,194		

Table B-2 – Net Profit for 2022: \$1 Million Outlets (29 Franchised Clinics)

	Average	Achieved or Surpassed Average	Percentage of Gross Sales	Median	Highest	Lowest
Average Gross Sales	\$1,161,841	14 of 29 (48%)	100.0%	\$1,157,131	\$1,501,678	\$1,002,335
Cost of Goods	\$0	0 of 29 (0%)	0.0%	\$0	\$0	\$0
Labor Expense	\$482,927	13 of 29 (45%)	41.6%	\$462,480	\$696,030	\$358,887
Facilities Expense	\$65,148	13 of 29 (45%)	5.6%	\$62,312	\$106,566	\$40,273
Insurance	\$11,480	12 of 29 (41%)	1.0%	\$11,385	\$22,787	\$1,898
Operating Expense	\$107,668	15 of 29 (52%)	9.3%	\$108,642	\$166,559	\$61,433
Royalty Fee	\$81,329	14 of 29 (48%)	7.0%	\$80,999	\$105,117	\$70,163
Advertising Fund Contribution	\$23,237	14 of 29 (48%)	2.0%	\$23,143	\$30,034	\$20,047
Net Profit	\$390,052	14 of 29 (48%)	33.6%	\$385,449	\$807,469	\$16,576

Table B-3 – Net Profit for 2022: Quartile 1 (90 Franchised Clinics)

-	Average	Achieved or Surpassed Average	Percentage of Gross Sales	Median	Highest	Lowest
Average Gross Sales	\$945,162	36 of 90 (40%)	100.0%	\$889,052	\$1,501,678	\$739,034
Cost of Goods	\$0	0 of 90 (0%)	0.0%	\$0	\$0	\$0
Labor Expense	\$402,197	36 of 90 (40%)	42.6%	\$382,542	\$696,030	\$241,089
Facilities Expense	\$65,384	35 of 90 (39%)	6.9%	\$62,622	\$113,416	\$32,305
Insurance	\$9,990	49 of 90 (54%)	1.1%	\$11,166	\$31,843	\$0
Operating Expense	\$104,234	35 of 90 (39%)	11.0%	\$97,626	\$238,232	\$45,747
Royalty Fee	\$66,161	36 of 90 (40%)	7.0%	\$62,234	\$105,117	\$51,732
Advertising Fund Contribution	\$18,903	36 of 90 (40%)	2.0%	\$17,781	\$30,034	\$14,781
Net Profit	\$278,294	40 of 90 (44%)	29.4%	\$265,736	\$807,469	(\$354)

Table B-4 – Net Profit for 2022: Quartile 2 (89 Franchised Clinics)

-	Average	Achieved or Surpassed Average	Percentage of Gross Sales	Median	Highest	Lowest
Average Gross Sales	\$641,751	47 of 89 (53%)	100.0%	\$646,664	\$728,694	\$552,706
Cost of Goods	\$0	0 of 89 (0%)	0.0%	\$0	\$0	\$0
Labor Expense	\$277,739	44 of 89 (49%)	43.3%	\$274,349	\$520,352	\$69,633
Facilities Expense	\$61,216	44 of 89 (49%)	9.5%	\$61,055	\$113,073	\$28,478
Insurance	\$8,539	39 of 89 (44%)	1.3%	\$7,431	\$45,678	\$0
Operating Expense	\$84,357	41 of 89 (46%)	13.1%	\$83,613	\$166,187	\$33,347
Royalty Fee	\$44,923	47 of 89 (53%)	7.0%	\$45,266	\$51,009	\$38,689
Advertising Fund Contribution	\$12,835	47 of 89 (53%)	2.0%	\$12,933	\$14,574	\$11,054

Net Profit	\$152,142	42 of 89 (47%)	23.7%	\$150,747	\$402,674	(\$60,088)
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Table B-5 – Net Profit for 2022: Quartile 3 (89 Franchised Clinics)

	Average	Achieved or Surpassed Average	Percentage of Gross Sales	Median	Highest	Lowest
Average Gross Sales	\$466,423	46 of 89 (52%)	100.0%	\$470,548	\$551,627	\$392,413
Cost of Goods	\$0	0 of 89 (0%)	0.0%	\$0	\$0	\$0
Labor Expense	\$216,790	39 of 89 (44%)	46.5%	\$207,200	\$330,727	\$122,228
Facilities Expense	\$60,415	40 of 89 (45%)	13.0%	\$59,167	\$127,812	\$31,235
Insurance	\$6,521	31 of 89 (35%)	1.4%	\$5,425	\$29,050	\$0
Operating Expense	\$76,943	36 of 89 (40%)	16.5%	\$70,793	\$287,578	\$36,003
Royalty Fee	\$32,650	46 of 89 (52%)	7.0%	\$32,938	\$38,614	\$27,469
Advertising Fund Contribution	\$9,328	46 of 89 (52%)	2.0%	\$9,411	\$11,033	\$7,848
Net Profit	\$63,776	43 of 89 (48%)	13.7%	\$60,921	\$205,205	(\$236,929)

Table B-6 – Net Profit for 2022: Quartile 4 (90 Franchised Clinics)

	Average	Achieved or Surpassed Average	Percentage of Gross Sales	Median	Highest	Lowest
Average Gross Sales	\$288,737	49 of 90 (54%)	100.0%	\$303,974	\$392,308	\$61,944
Cost of Goods	\$0	0 of 90 (0%)	0.0%	\$0	\$0	\$0
Labor Expense	\$172,125	45 of 90 (50%)	59.6%	\$172,047	\$286,647	\$36,825
Facilities Expense	\$52,179	42 of 90 (47%)	18.1%	\$49,820	\$111,185	\$9,666
Insurance	\$4,263	35 of 90 (39%)	1.5%	\$3,569	\$12,937	\$0
Operating Expense	\$59,261	41 of 90 (46%)	20.5%	\$57,517	\$124,478	\$7,796

Royalty Fee	\$20,212	49 of 90 (54%)	7.0%	\$21,278	\$27,462	\$4,336
Advertising Fund Contribution	\$5,775	49 of 90 (54%)	2.0%	\$6,079	\$7,846	\$1,239
Net Profit	(\$25,077)	45 of 90 (50%)	-8.7%	(\$22,094)	\$91,402	(\$253,081)



Part C: Weekly Patient Visits

Quartile	Number of Clinics	Percent of Network (sample)	Average	Median	Highest	Lowest	Number and Percentage that Attained or Exceeded Average
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1	148	25%	511	476	805	408	56 of 148 (38%)
2	148	25%	351	347	407	301	66 of 148 (45%)
3	148	25%	253	251	301	212	70 of 148 (47%)
4	148	25%	164	171	212	78	87 of 148 (59%)
Total	592	100%	320	301	805	78	270 of 592 (46%)

Table C-2—Weekly Patient Visits (New Patients) for 2022 (592 Franchised Clinics)

Quartile	Number of Clinics	Percent of Network (sample)	Average	Median	Highest	Lowest	Number and Percentage that Attained or Exceeded Average
1	147	25%	35	32	74	25	53 of 148 (36%)
2	149	25%	22	22	25	19	73 of 148 (49%)
3	148	25%	16	16	19	14	69 of 148 (47%)
4	148	25%	11	12	14	5	85 of 148 (57%)
Total	592	100%	21	19	74	5	236 of 592 (40%)

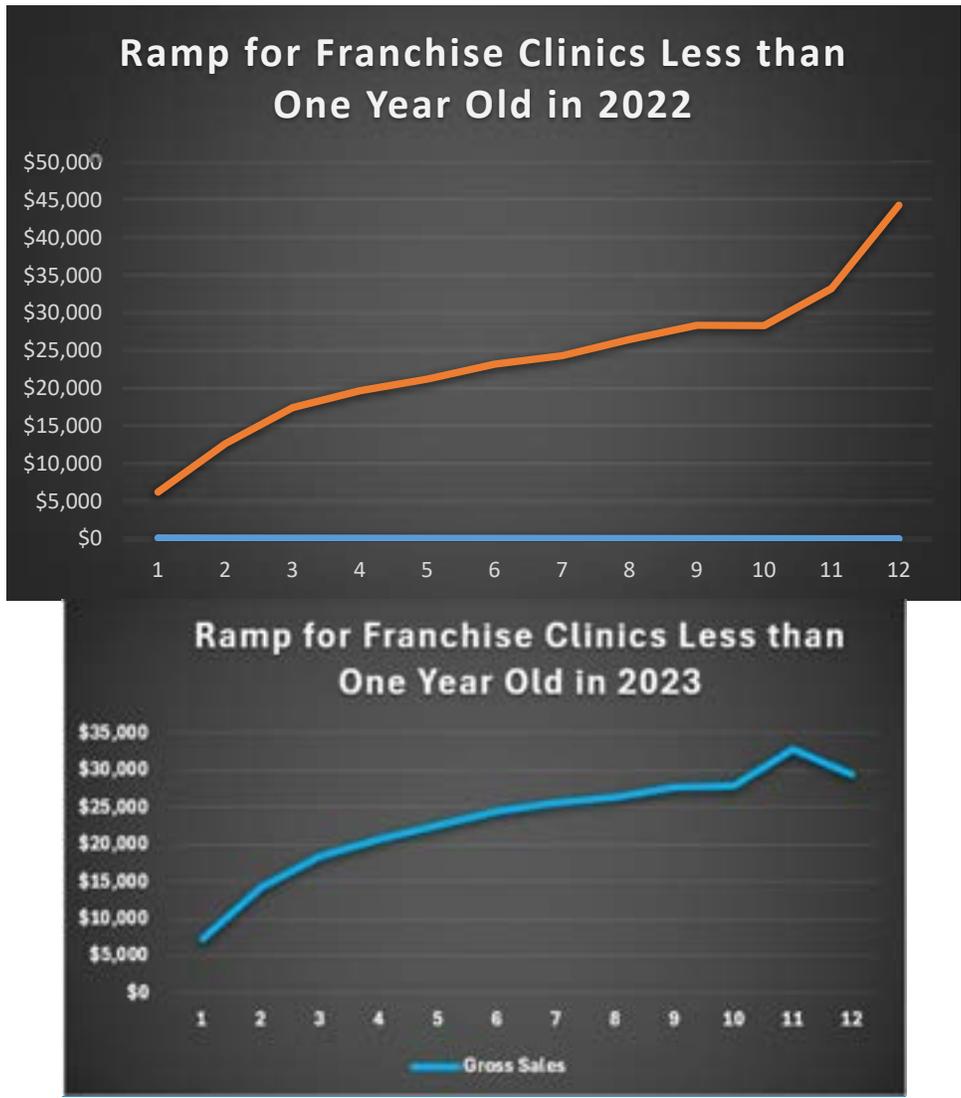
Table D-1—Active Members for 2022 (592 Franchised Clinics)

Quartile	Number of Clinics	Percent of Network (sample)	Average	Median	Highest	Lowest	Number and Percentage that Attained or Exceeded Average
1	148	25%	1,049	967	2,257	820	58 of 148 (39%)
2	148	25%	706	703	817	599	72 of 148 (49%)
3	148	25%	495	490	597	410	64 of 148 (43%)
4	148	25%	303	312	408	116	77 of 148 (52%)

Total	592	100%	639	598	2,257	116	266 of 592 (45%)
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Part E: Gross Sales Ramp Up

Table E-1 <u>Gross Sales Ramp Up</u> <u>(Clinics Opened in 2023)</u>		
Clinics Opened in 2022		
Months	Sample	Gross Sales
1	121 <u>104</u>	\$6,202 <u>7,216</u>
2	112 <u>97</u>	\$12,624 <u>14,178</u>
3	104 <u>86</u>	\$17,422 <u>18,461</u>
4	91 <u>76</u>	\$19,668 <u>20,769</u>
5	81 <u>68</u>	\$21,209 <u>22,639</u>
6	62 <u>59</u>	\$23,205 <u>24,505</u>
7	58 <u>52</u>	\$24,307 <u>25,679</u>
8	45 <u>42</u>	\$26,466 <u>286</u>
9	40 <u>34</u>	\$28,350 <u>27,780</u>
10	27 <u>29</u>	\$28,299 <u>27,803</u>
11	15 <u>16</u>	\$33,233 <u>32,847</u>
12	8 <u>12</u>	\$44,293 <u>29,420</u>



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

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

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

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

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

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Item 20

~~Item 17~~ ~~ITEM 1~~ ~~OUTLETS AND FRANCHISEE INFORMATION~~

TABLE 1 – SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022				
<u>TABLE 1 – SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023</u>				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2020	453	515	+62
	2021	515	610	+95
	2022	610	712	+102
Company-Owned	2020	60	64	+4
	2021	64	96	+32
	2022	96	126	+30
Total Outlets	2020	513	579	+66
	2021	579	706	+127
	2022	706	838	+132

TABLE 2 – TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022				
Franchised	<u>2021</u>	<u>515</u>	<u>610</u>	<u>+95</u>
	<u>2022</u>	<u>610</u>	<u>712</u>	<u>+102</u>
	<u>2023</u>	<u>712</u>	<u>800</u>	<u>+88</u>
Company-Owned	<u>2021</u>	<u>64</u>	<u>96</u>	<u>+32</u>
	<u>2022</u>	<u>96</u>	<u>126</u>	<u>+30</u>
	<u>2023</u>	<u>126</u>	<u>135</u>	<u>+9</u>
Total Outlets	<u>2021</u>	<u>579</u>	<u>706</u>	<u>+127</u>
	<u>2022</u>	<u>706</u>	<u>838</u>	<u>+132</u>
	<u>2023</u>	<u>838</u>	<u>935</u>	<u>+97</u>

<u>TABLE 2 – TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023</u>		
State	Year	Number of Transfers
Alabama	2020	0
	2021	0

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

State	Year	Number of Transfers
	2022	1
Arizona	2020	1
	2021	0
	2022	0
Arkansas	2020	1
	2021	0
	2022	3
California	2020	6
	2021	1
	2022	0
Colorado	2020	0
	2021	2
	2022	4
Florida	2020	3
	2021	3
	2022	0
Georgia	2020	0
	2021	1
	2022	0
Illinois	2020	0
	2021	0
	2022	2
Louisiana	2020	0
	2021	4
	2022	1
Maryland	2020	0
	2021	0
	2022	2

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

State	Year	Number of Transfers
Missouri	2020	0
	2021	1
	2022	0
Nebraska	2020	0
	2021	0
	2022	1
Nevada	2020	0
	2021	0
	2022	9
New Jersey	2020	0
	2021	0
	2022	1
North Carolina	2020	1
	2021	0
	2022	2
South Carolina	2020	1
	2021	0
	2022	1
Texas	2020	1
	2021	2
	2022	15
Washington	2020	1
	2021	0
	2022	0
Wisconsin	2020	0
	2021	0
	2022	4
	2020	14

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

State	Year	Number of Transfers
Total Outlets	2021	14
	2022	46

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2020	1	3	0	0	0	0	4
	2021	4	3	0	0	0	0	7
	2022	7	4	0	0	0	0	11
Alaska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Arizona	2020	23	1	0	0	1	0	23
	2021	23	1	0	0	2	0	22
	2022	22	3	0	0	5	0	20
Arkansas	2020	2	1	0	0	0	0	3
	2021	3	3	0	0	0	0	6
	2022	6	1	0	0	0	0	7
California	2020	49	4	0	0	0	0	53
	2021	53	9	0	0	0	0	62
	2022	62	5	0	0	6	1	60
Colorado	2020	28	0	0	0	0	0	28
	2021	28	2	0	0	0	0	30
	2022	30	1	0	0	0	0	31
District of Columbia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

TABLE 3 – STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	0	1	0	0	0	0	1
Florida	2020	30	13	0	0	0	0	43
	2021	43	10	0	0	0	0	53
	2022	53	10	0	0	0	0	63
Georgia	2020	38	3	0	0	0	0	41
	2021	41	3	0	0	0	0	44
	2022	44	8	0	0	0	2	50
Idaho	2020	1	2	1	0	0	0	2
	2021	2	3	0	0	0	0	5
	2022	5	2	0	0	0	0	7
Illinois	2020	13	4	0	0	0	0	17
	2021	17	3	0	0	0	0	20
	2022	20	3	0	0	0	1	22
Indiana	2020	5	0	0	0	0	2	3
	2021	3	4	0	0	0	0	7
	2022	7	1	0	0	0	0	8
Iowa	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	3	0	0	0	0	5
Kansas	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Kentucky	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	5	0	0	0	0	6
Louisiana	2020	5	2	0	0	0	0	7

TABLE 3 – STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2021	7	2	0	0	0	0	9
	2022	9	0	0	0	0	0	9
Maryland	2020	4	1	0	0	0	0	5
	2021	5	2	0	0	0	0	7
	2022	7	5	0	0	0	0	12
Massachusetts	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	6	0	0	0	0	9
Minnesota	2020	8	1	0	0	0	0	9
	2021	9	2	0	0	0	0	11
	2022	11	1	0	0	0	0	12
Missouri	2020	9	2	0	0	0	0	11
	2021	11	5	0	0	0	0	16
	2022	16	1	0	0	0	0	17
Mississippi	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Montana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2

TABLE 3 – STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Nevada	2020	13	2	0	0	0	0	15
	2021	15	1	0	0	0	0	16
	2022	16	0	0	0	0	0	16
New Hampshire	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
New Jersey	2020	4	1	0	0	0	1	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
New York	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	26	4	0	0	0	0	30
	2021	30	6	0	0	10	0	26
	2022	26	3	0	0	5	0	24
Ohio	2020	10	0	0	0	0	0	10
	2021	10	5	0	0	0	0	15
	2022	15	4	0	0	0	0	19
Oklahoma	2020	3	2	0	0	0	0	5
	2021	5	3	0	0	0	0	8
	2022	8	2	0	0	0	0	10
Oregon	2020	9	0	0	0	0	1	8
	2021	8	0	0	0	0	2	6
	2022	6	2	0	0	0	0	8
Pennsylvania	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3

TABLE 3 – STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	3	0	0	0	0	0	3
South Carolina	2020	16	1	0	0	0	0	17
	2021	17	2	0	0	0	0	19
	2022	19	1	0	0	0	0	20
Tennessee	2020	11	7	0	0	0	0	18
	2021	18	9	0	0	0	0	27
	2022	27	1	0	0	0	0	28
Texas	2020	99	13	0	0	0	0	112
	2021	112	10	0	0	0	1	121
	2022	121	27	0	0	0	1	147
Utah	2020	15	2	0	0	0	0	17
	2021	17	5	0	0	0	0	22
	2022	22	1	0	0	0	0	23
Virginia	2020	8	0	0	0	0	0	8
	2021	8	2	0	0	0	0	10
	2022	10	5	0	0	0	0	15
Washington	2020	9	0	0	0	0	1	8
	2021	8	3	0	0	0	0	11
	2022	11	5	0	0	0	0	16
Wisconsin	2020	3	1	0	0	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	7	0	0	0	0	13
Total Outlets	2020	453	70	1	0	1	6	515
	2021	515	110	0	0	12	3	610
	2022	610	123	0	0	16	5	712

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

TABLE 4—STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2020	12	0	1	0	0	13
	2021	13	6	2	0	0	21
	2022	21	2	5	0	0	28
California ^a	2020	41	3	0	0	0	44
	2021	44	7	0	0	0	51
	2022	51	5	6	0	2	60
Florida	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Georgia	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Kansas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	4	0	0	0	4
New Mexico	2020	3	0	0	0	0	3
	2021	3	1	0	0	0	4
	2022	4	2	0	0	0	6
North Carolina	2020	0	0	0	0	0	0
	2021	0	0	10	0	0	10
	2022	10	0	5	0	0	15
South Carolina	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

TABLE 4 – STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchises	Outlets Closed	Outlets Sold to Franchises	Outlets at End of the Year
Texas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Virginia	2020	0	0	0	0	0	0
	2021	0	6	0	0	0	6
	2022	6	1	0	0	0	7
Total Outlets	2020	60	3	1	0	0	64
	2021	64	20	12	0	0	96
	2022	96	16	16	0	2	126

TABLE 5 – PROJECTED OPENINGS AS OF DECEMBER 31, 2022

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	2021		<u>0</u>
	2022		<u>1</u>
	2023		<u>0</u>
Arizona	2021		<u>0</u>
	2022		<u>0</u>
	2023		<u>0</u>
Arkansas	2021		<u>0</u>
	2022		<u>3</u>
	2023		<u>0</u>
California	2021		<u>1</u>
	2022		<u>0</u>
	2023		<u>1</u>
Colorado	2021		<u>2</u>
	2022		<u>4</u>
	2023		<u>0</u>

TABLE 5 – PROJECTED OPENINGS AS OF DECEMBER 31, 2022

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	2021		<u>3</u>
	2022		<u>0</u>
	2023		<u>7</u>
Georgia	2021		<u>1</u>
	2022		<u>0</u>
	2023		<u>0</u>
Illinois	2021		<u>0</u>
	2022		<u>2</u>
	2023		<u>0</u>
Louisiana	2021		<u>4</u>
	2022		<u>1</u>
	2023		<u>0</u>
Maryland	2021		<u>0</u>
	2022		<u>2</u>
	2023		<u>0</u>
Minnesota	2021		<u>0</u>
	2022		<u>0</u>
	2023		<u>1</u>
Missouri	2021		<u>1</u>
	2022		<u>0</u>
	2023		<u>3</u>
Nebraska	2021		<u>0</u>
	2022		<u>1</u>
	2023		<u>0</u>
Nevada	2021		<u>0</u>
	2022		<u>2</u>
	2023		<u>0</u>
New Jersey	2021		<u>0</u>
	2022		<u>1</u>
	2023		<u>0</u>
North Carolina	2021		<u>0</u>
	2022		<u>2</u>
	2023		<u>0</u>
Pennsylvania	2021		<u>1</u>
	2022		<u>0</u>
	2023		<u>1</u>

TABLE 5 – PROJECTED OPENINGS AS OF DECEMBER 31, 2022

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
<u>South Carolina</u>	<u>2021</u>		<u>0</u>
	<u>2022</u>		<u>1</u>
	<u>2023</u>		<u>1</u>
<u>Texas</u>	<u>2021</u>		<u>2</u>
	<u>2022</u>		<u>15</u>
	<u>2023</u>		<u>6</u>
<u>Washington</u>	<u>2021</u>		<u>0</u>
	<u>2022</u>		<u>0</u>
	<u>2023</u>		<u>0</u>
<u>Wisconsin</u>	<u>2021</u>		<u>0</u>
	<u>2022</u>		<u>4</u>
	<u>2023</u>		<u>4</u>
<u>Total Outlets</u>	<u>2021</u>		<u>14</u>
	<u>2022</u>		<u>46</u>
	<u>2023</u>		<u>24</u>

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
<u>Alabama</u>	<u>2021</u>	<u>4</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
	<u>2022</u>	<u>7</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
	<u>2023</u>	<u>11</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
<u>Alaska</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Arizona</u>	<u>2021</u>	<u>23</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>22</u>
	<u>2022</u>	<u>22</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>20</u>
	<u>2023</u>	<u>20</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>21</u>
<u>Arkansas</u>	<u>2021</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	<u>2022</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
	<u>2023</u>	<u>7</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
<u>California</u>	<u>2021</u>	<u>53</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62</u>
	<u>2022</u>	<u>62</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>6</u>	<u>1</u>	<u>60</u>
	<u>2023</u>	<u>60</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>65</u>

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations - Other Reasons</u>	<u>Outlets at End of Year</u>
<u>Colorado</u>	<u>2021</u>	<u>28</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>
	<u>2022</u>	<u>30</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31</u>
	<u>2023</u>	<u>31</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>32</u>
<u>District of Columbia</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>Florida</u>	<u>2021</u>	<u>43</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53</u>
	<u>2022</u>	<u>53</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>63</u>
	<u>2023</u>	<u>63</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>81</u>
<u>Georgia</u>	<u>2021</u>	<u>41</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44</u>
	<u>2022</u>	<u>44</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>50</u>
	<u>2023</u>	<u>50</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52</u>
<u>Idaho</u>	<u>2021</u>	<u>2</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<u>2022</u>	<u>5</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
	<u>2023</u>	<u>7</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
<u>Illinois</u>	<u>2021</u>	<u>17</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>
	<u>2022</u>	<u>20</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>22</u>
	<u>2023</u>	<u>22</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>23</u>
<u>Indiana</u>	<u>2021</u>	<u>3</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
	<u>2022</u>	<u>7</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
	<u>2023</u>	<u>8</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
<u>Iowa</u>	<u>2021</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>2</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<u>2023</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
<u>Kansas</u>	<u>2021</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2022</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2023</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<u>Kentucky</u>	<u>2021</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	<u>2023</u>	<u>6</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
<u>Louisiana</u>	<u>2021</u>	<u>7</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
	<u>2022</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
	<u>2023</u>	<u>9</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
<u>Maryland</u>	<u>2021</u>	<u>5</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
	<u>2022</u>	<u>7</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations - Other Reasons</u>	<u>Outlets at End of Year</u>
	<u>2023</u>	<u>12</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14</u>
<u>Massachusetts</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<u>Michigan</u>	<u>2021</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2022</u>	<u>3</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
	<u>2023</u>	<u>9</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>8</u>
<u>Minnesota</u>	<u>2021</u>	<u>9</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
	<u>2022</u>	<u>11</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
	<u>2023</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
<u>Missouri</u>	<u>2021</u>	<u>11</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
	<u>2022</u>	<u>16</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17</u>
	<u>2023</u>	<u>17</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>
<u>Mississippi</u>	<u>2021</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2023</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<u>Montana</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Nebraska</u>	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Nevada</u>	<u>2021</u>	<u>15</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
	<u>2022</u>	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
	<u>2023</u>	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
<u>New Hampshire</u>	<u>2021</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2022</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2023</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>New Jersey</u>	<u>2021</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<u>2022</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<u>2023</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>3</u>
<u>New York</u>	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>North Carolina</u>	<u>2021</u>	<u>30</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>26</u>

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations - Other Reasons</u>	<u>Outlets at End of Year</u>
	<u>2022</u>	<u>26</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>24</u>
	<u>2023</u>	<u>24</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25</u>
<u>Ohio</u>	<u>2021</u>	<u>10</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15</u>
	<u>2022</u>	<u>15</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19</u>
	<u>2023</u>	<u>19</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21</u>
<u>Oklahoma</u>	<u>2021</u>	<u>5</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
	<u>2022</u>	<u>8</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
	<u>2023</u>	<u>10</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
<u>Oregon</u>	<u>2021</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>6</u>
	<u>2022</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
	<u>2023</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<u>Pennsylvania</u>	<u>2021</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2022</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2023</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<u>South Carolina</u>	<u>2021</u>	<u>17</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19</u>
	<u>2022</u>	<u>19</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>
	<u>2023</u>	<u>20</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22</u>
<u>Tennessee</u>	<u>2021</u>	<u>18</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27</u>
	<u>2022</u>	<u>27</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28</u>
	<u>2023</u>	<u>28</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31</u>
<u>Texas</u>	<u>2021</u>	<u>112</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>121</u>
	<u>2022</u>	<u>121</u>	<u>27</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>147</u>
	<u>2023</u>	<u>147</u>	<u>19</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>164</u>
<u>Utah</u>	<u>2021</u>	<u>17</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22</u>
	<u>2022</u>	<u>22</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23</u>
	<u>2023</u>	<u>23</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24</u>
<u>Virginia</u>	<u>2021</u>	<u>8</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
	<u>2022</u>	<u>10</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15</u>
	<u>2023</u>	<u>15</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17</u>
<u>Washington</u>	<u>2021</u>	<u>8</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
	<u>2022</u>	<u>11</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
	<u>2023</u>	<u>16</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>20</u>
<u>West Virginia</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations - Other Reasons</u>	<u>Outlets at End of Year</u>
<u>Wisconsin</u>	<u>2021</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	<u>2022</u>	<u>6</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
	<u>2023</u>	<u>13</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>14</u>
<u>Total</u>	<u>2021</u>	<u>515</u>	<u>110</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>3</u>	<u>610</u>
	<u>2022</u>	<u>610</u>	<u>123</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>5</u>	<u>712</u>
	<u>2023</u>	<u>712</u>	<u>104</u>	<u>0</u>	<u>1</u>	<u>3</u>	<u>12</u>	<u>800</u>

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired From Franchisee</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchisee</u>	<u>Outlets at End of Year</u>
<u>Arizona</u>	<u>2021</u>	<u>13</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>21</u>
	<u>2022</u>	<u>21</u>	<u>2</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>28</u>
	<u>2023</u>	<u>28</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28</u>
<u>California</u>	<u>2021</u>	<u>44</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51</u>
	<u>2022</u>	<u>51</u>	<u>5</u>	<u>6</u>	<u>0</u>	<u>2</u>	<u>60</u>
	<u>2023</u>	<u>60</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>65</u>
<u>Florida</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>Georgia</u>	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>Kansas</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2023</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<u>Missouri</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>New Mexico</u>	<u>2021</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2022</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	<u>2023</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<u>New Jersey</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>North Carolina</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>10</u>

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired From Franchisee</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchisee</u>	<u>Outlets at End of Year</u>
	<u>2022</u>	<u>10</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>15</u>
	<u>2023</u>	<u>15</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>15</u>
<u>South Carolina</u>	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Texas</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Virginia</u>	<u>2021</u>	<u>0</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	<u>2022</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
	<u>2023</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
<u>Total Outlets</u>	<u>2021</u>	<u>64</u>	<u>20</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>96</u>
	<u>2022</u>	<u>96</u>	<u>16</u>	<u>16</u>	<u>0</u>	<u>2</u>	<u>126</u>
	<u>2023</u>	<u>126</u>	<u>10</u>	<u>3</u>	<u>4</u>	<u>0</u>	<u>135</u>

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023

<u>State</u>	<u>Franchise Agreements Signed But Outlet Not Opened</u>	<u>Projected New Franchised Outlets in the Next Fiscal Year</u>		<u>Projected New Company-Owned Outlets in the Next Fiscal Year</u>
Alaska	1	1		0
Alabama		8	3	0
Arizona		1	1	0
Arkansas		3	2	0
California		16	7	4
Colorado		3	2	0
District of Columbia		2	2	0
Florida		50	25	0
Georgia		9	3	1
Idaho		2	2	0
Iowa		2	1	0
Illinois		3	2	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023

<u>State</u>	<u>Franchise Agreements Signed But Outlet Not Opened</u>	<u>Projected New Franchised Outlets in the Next Fiscal Year</u>		<u>Projected New Company-Owned Outlets in the Next Fiscal Year</u>
Indiana	4	2		0
Kansas	1	2		0
Kentucky	6	3		0
Louisiana	2	1		0
Maryland	8	4		0
Massachusetts	2	3		0
Michigan	2	1		0
Mississippi	2	1		0
Missouri	4	2		1
New Jersey	1	0		1
New Mexico	0	0		2
New York	2	1		0
North Carolina	5	1		1
Ohio	2	2		0
Oklahoma	2	1		0
Oregon	3	0		0
Pennsylvania	3	1		0
South Carolina	2	2		0
Tennessee	4	9		0
Texas	31	18		0
Utah	1	1		0
Virginia	6	1		0
Washington	5	4		0
West Virginia	1	1		0
Wisconsin	4	3		0
Total	203	115		10

<u>Alabama</u>	<u>6</u>	<u>2</u>	<u>0</u>
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Arizona	<u>5</u>	<u>2</u>	<u>0</u>
Arkansas	<u>0</u>	<u>0</u>	<u>0</u>
California	<u>18</u>	<u>6</u>	<u>0</u>
Colorado	<u>3</u>	<u>1</u>	<u>0</u>
Connecticut	<u>4</u>	<u>2</u>	<u>0</u>
Delaware	<u>1</u>	<u>1</u>	<u>0</u>
District of Columbia	<u>1</u>	<u>0</u>	<u>0</u>
Florida	<u>32</u>	<u>13</u>	<u>0</u>
Georgia	<u>6</u>	<u>1</u>	<u>0</u>
Idaho	<u>1</u>	<u>0</u>	<u>0</u>
Iowa	<u>1</u>	<u>0</u>	<u>0</u>
Illinois	<u>3</u>	<u>1</u>	<u>0</u>
Indiana	<u>5</u>	<u>1</u>	<u>0</u>
Kansas	<u>0</u>	<u>0</u>	<u>0</u>
Kentucky	<u>4</u>	<u>2</u>	<u>0</u>
Louisiana	<u>1</u>	<u>0</u>	<u>0</u>
Maryland	<u>6</u>	<u>1</u>	<u>0</u>
Massachusetts	<u>3</u>	<u>1</u>	<u>0</u>
Michigan	<u>3</u>	<u>1</u>	<u>0</u>
Minnesota	<u>1</u>	<u>0</u>	<u>0</u>
Mississippi	<u>1</u>	<u>0</u>	<u>0</u>
Missouri	<u>2</u>	<u>1</u>	<u>0</u>
Montana	<u>2</u>	<u>1</u>	<u>0</u>
New Jersey	<u>1</u>	<u>0</u>	<u>0</u>
New Mexico	<u>0</u>	<u>0</u>	<u>0</u>
New York	<u>9</u>	<u>2</u>	<u>0</u>
North Carolina	<u>6</u>	<u>2</u>	<u>0</u>
Ohio	<u>1</u>	<u>0</u>	<u>0</u>
Oklahoma	<u>1</u>	<u>1</u>	<u>0</u>
Oregon	<u>6</u>	<u>1</u>	<u>0</u>
Pennsylvania	<u>3</u>	<u>0</u>	<u>0</u>
Puerto Rico	<u>2</u>	<u>1</u>	<u>0</u>
South Carolina	<u>2</u>	<u>1</u>	<u>0</u>
Tennessee	<u>3</u>	<u>1</u>	<u>0</u>
Texas	<u>18</u>	<u>9</u>	<u>0</u>
Utah	<u>1</u>	<u>0</u>	<u>0</u>
Virginia	<u>3</u>	<u>1</u>	<u>0</u>
Washington	<u>6</u>	<u>2</u>	<u>0</u>
West Virginia	<u>0</u>	<u>0</u>	<u>0</u>
Wisconsin	<u>2</u>	<u>1</u>	<u>0</u>
Total	<u>174</u>	<u>60</u>	<u>0</u>

Notes to Tables:

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

~~1.2. In 2021, 1 franchised Clinic~~ in Colorado was transferred twice during the course of ~~2021.~~ the year.

~~2. During~~In 2021, the following occurred:

- ~~• 1 non-traditional franchisee clinic in the Austin International airport closed in Texas.~~
- ~~• 16 franchisee Franchise Agreements, in various states across the US, terminated before opening.~~

~~2.3. 3. During 2021, 1 outlet was~~franchised Clinic opened in North Carolina and ~~that outlet~~ was subsequently reacquired by the franchisor; before the end of the year.

~~4. During 2020, 2 outlets in California were transferred twice during the course of 2020. 1 outlet in Texas was transferred twice during the course of 2020.~~

~~5. During 2020, the following occurred:~~

~~4. 1 franchisee in Georgia terminated~~The franchised Clinic in Texas that closed in 2021 was located in Austin International Airport, a Captive Venue.

- ~~• A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their Franchise Agreement for 1 outlet prior to opening.~~
- ~~• 1 franchisee in Illinois terminated their Franchise Agreement for 1 outlet prior to opening.~~
- ~~• 1 franchisee in Virginia terminated their Franchise Agreement for 1 outlet prior to opening.~~

~~Exhibit F lists the names of all of our operating Franchisees and their addresses and telephone numbers of their outlets as of December 31, 2022. Exhibit F lists the Franchisees who have signed Franchise Agreements for outlets which were not yet operational as of December 31, 2022, and also 2023. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every Franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreementthe franchise agreement during theour most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.~~

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

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

On ~~March 29, 2019~~April 28, 2023, we received notification ~~from attorney Robert Salkowski~~ regarding the creation of ~~The JYNT Independent~~the Aligned Franchisee Association; (AFA), which is an independent franchisee

organization. The notification did not specify the number or identity of the constituent ~~Franchisees. The JYNT Independent Franchise Association~~ franchisees other than Board members Alexander Klaus, Philip Davis and Chris O'Neal. AFA does not have any operational or decision-making authority.

Except for the ~~National Franchise Advisory Board~~ NFAB and ~~The JYNT Independent Franchise Association~~ AFA, there are no: (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Item 21

~~Item 18~~ ITEM 1 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Attached to this Disclosure Document as ~~Exhibit D~~ EXHIBIT "G" are: (1) our consolidated audited financial statements as of and for the fiscal years ended December 31, 2023 and 2022, which have been taken from Item 8 of our 10-K Annual Report for 2023; and (2) our consolidated audited financial statements as of and for the fiscal years ended December 31, 2022 and 2021, which have been taken from Item 8 of our 10-K/A Annual Report for 2022; ~~and 2) our consolidated audited financial statements for the fiscal year ended December 31, 2020, which have been taken from Item 8 of our 10-K Annual Report for 2021. In addition, an unaudited balance sheet as of September 30, 2023 and an unaudited income statement and statement of operations and statement of cash flows from January 1, 2023 through September 30, 2023, which have been taken from Item 1 of our 10-Q Quarterly Report, are attached to this Disclosure Document as Exhibit D. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~

ITEM 22 CONTRACTS

Item 22

~~Item 19~~ ITEM 1 CONTRACTS

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

~~Exhibit B~~ — Franchise Agreement with the following exhibits:

~~Exhibit 1~~ — [Exhibits to Disclosure Document](#)

EXHIBIT "C" — [Franchise Agreement](#) — ~~Opening Deadline/ Expiration Date~~
~~Exhibit 2~~ — [Owner's Guaranty and Assumption of Obligations](#)

~~Exhibit 3~~ — ~~Addendum~~ EXHIBIT "D" — [Area Development Agreement](#)

EXHIBIT "H"-1 — [State Addenda](#)

EXHIBIT "H"-2 — [Managed Clinic Addendum](#)

EXHIBIT "H"-3 — [Waiver Agreement](#)

EXHIBIT "H"-4 — [Sample Management Agreement](#)

EXHIBIT "H"-5 — [Asset Purchase Agreement](#)

EXHIBIT "H"-6 — [General Release](#)

EXHIBIT "H"-7 — [Letter of Intent](#)

EXHIBIT "H"-8 — [Third Party Vendor Agreements](#)

[Attachments to Franchise Agreement](#)

ATTACHMENT "C" — [Site Acceptance Notice](#)

ATTACHMENT "D" — ~~Lease Agreement~~ [Addendum](#)

~~Exhibit 4~~ — ~~Ownership Interests in Franchisee~~

~~Exhibit 5~~ — ~~Franchisee Compliance Questionnaire (Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state)~~

~~Exhibit 6~~ — ~~EFT~~ ATTACHMENT "E" — [Franchise Owner Agreement](#)

ATTACHMENT "F" — [ACH](#) Authorization Form

~~Exhibit 7~~ — ~~State Specific Addenda~~

~~Exhibit E~~ ATTACHMENT "G" — Confidentiality Agreement

~~Exhibit G~~ — ~~Form UCC-1 Financing Statement~~

~~Exhibit K~~ — ~~Required Vendor Agreements~~

~~Exhibit L~~ — ~~Form of Transfer~~ ATTACHMENT "H" — [Business Associate Agreement](#) and ~~General Release Agreement~~

ITEM 23 RECEIPT

~~Exhibit M~~ — ~~Letter of Intent~~

~~Exhibit N — Form of Asset Purchase Agreement~~

Item 23

~~Item 20~~ ITEM 1 RECEIPT

~~Two copies of an acknowledgement of your receipt of EXHIBIT "J" to this Disclosure Document appear at the end of this Disclosure Document. The Receipts are detachable and receipts. You are to sign both, keep one copy must be signed by you and given to us. The and return the other copy to us.~~

EXHIBIT "A"

~~TO DISCLOSURE DOCUMENT MAY BE RETAINED BY YOU FOR YOUR RECORDS. IF THIS PAGE OR ANY OTHER PAGES OR EXHIBITS ARE MISSING FROM YOUR COPY, PLEASE CONTACT THE~~

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

<p><u>CALIFORNIA</u> <u>Commissioner of Financial Protection & Innovation</u> <u>Department of Financial Protection & Innovation</u> <u>320 West 4th Street, #750</u> <u>Los Angeles, CA 90013</u> <u>(213) 576-7500</u> <u>1-866-275-2677</u></p> <p><u>HAWAII</u> <u>Commissioner of Securities of the State of Hawaii</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, Hawaii 96813</u> <u>(808) 586-2722</u></p> <p><u>Agents for Service of Process:</u> <u>Commissioner of Securities of the State of Hawaii</u> <u>Department of Commerce and Consumer Affairs</u> <u>Business Registration Division</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, Hawaii 96813</u> <u>(808) 586-2722</u></p> <p><u>ILLINOIS</u> <u>Illinois Attorney General</u> <u>Chief, Franchise Division</u> <u>500 South Second Street</u> <u>Springfield, IL 62706</u> <u>(217) 782-4465</u></p> <p><u>INDIANA</u> <u>Secretary of State</u> <u>Securities Division</u> <u>Room E-018</u> <u>302 West Washington Street</u> <u>Indianapolis, IN 46204</u> <u>(317) 232-6681</u></p>	<p><u>MARYLAND</u> <u>Office of the Attorney General</u> <u>Securities Division</u> <u>200 St. Paul Place</u> <u>Baltimore, Maryland 21202</u> <u>(410) 576-6360</u></p> <p><u>Agent for Service of Process:</u> <u>Maryland Securities Commissioner</u> <u>200 St. Paul Place</u> <u>Baltimore, Maryland 21202-2020</u></p> <p><u>MICHIGAN</u> <u>Franchise Section</u> <u>Consumer Protection Division</u> <u>525 W. Ottawa Street, G. Mennen</u> <u>Williams Building, 1st Floor</u> <u>Lansing, MI 48913</u> <u>(517) 335-7567</u></p> <p><u>MINNESOTA</u> <u>Commissioner of Commerce</u> <u>Director of Registration</u> <u>85 Seventh Place East, #280</u> <u>St. Paul, Minnesota 55101-3165</u> <u>(651) 539-1500</u></p> <p><u>NEW YORK</u> <u>NYS Department of Law</u> <u>Investor Protection Bureau</u> <u>28 Liberty Street, 21st Floor</u> <u>New York, NY 10005</u> <u>Phone: (212) 416-8222</u></p> <p><u>Agents for Service of Process:</u> <u>New York Department of State</u> <u>One Commerce Plaza</u> <u>99 Washington Avenue, 6th Floor</u> <u>Albany, NY 12231</u></p> <p><u>NORTH DAKOTA</u> <u>North Dakota Securities Department</u> <u>State Capitol, 5th Floor, Dept 414 600</u> <u>East Boulevard Avenue</u> <u>Bismarck, North Dakota 58505</u> <u>(701) 328-4712</u></p>	<p><u>RHODE ISLAND</u> <u>Department of Franchise Regulation</u> <u>1511 Pontiac Avenue, John O. Pastore</u> <u>Complex, Bldg 69-1</u> <u>Cranston, Rhode Island 02920</u> <u>(401) 462-9527</u></p> <p><u>SOUTH DAKOTA</u> <u>Department of Labor and Regulation</u> <u>Division of Insurance Securities</u> <u>Regulation</u> <u>124 S Euclid, 2nd Floor</u> <u>Pierre, South Dakota 57501</u> <u>(605) 773-3563</u></p> <p><u>VIRGINIA</u> <u>State Corporation Commission</u> <u>Division of Securities and Retail</u> <u>Franchising</u> <u>1300 East Main Street, 9th Floor</u> <u>Richmond, Virginia 23219</u> <u>(804) 371-9051</u></p> <p><u>Agents for Service of Process:</u> <u>Clerk of the State Corporation</u> <u>Commission</u> <u>1300 East Main Street, 1st Floor</u> <u>Richmond, Virginia 23219</u></p> <p><u>WASHINGTON</u> <u>Department of Financial Institutions</u> <u>Securities Division</u> <u>150 Israel Road SW</u> <u>Tumwater, WA 98501</u> <u>(360) 902-8760</u></p> <p><u>Mailing Address:</u> <u>Department of Financial Institutions</u> <u>Securities Division</u> <u>PO BOX 41200</u> <u>Olympia, WA 98504-1200</u></p> <p><u>WISCONSIN</u> <u>Department of Financial Institutions</u> <u>Division of Securities</u> <u>201 W Washington Avenue, Suite</u> <u>500, Madison, WI 53703</u> <u>(608) 261-9555</u></p>
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EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

The Corporation Trust Company ~~at the address or phone number noted in Item 1.~~

EXHIBIT A

~~**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**~~

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

~~Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about The Joint Corp.~~

~~Our agent for service of process in the State of Delaware is:~~

~~THE CORPORATION TRUST COMPANY
CORPORATION TRUST CENTER [Corporation Trust Center](#), 1209 ~~ORANGE STREET~~ [Orange Street](#)
~~WILMINGTON~~ [Wilmington](#), DE 19801~~

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

EXHIBIT "C"
TO DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

[See Attached]



FRANCHISE AGREEMENT

~~We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with 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 designated state offices or officials as our agents for service of process in those states:~~

State	State Agency	Agent for Service of Process
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CALIFORNIA	Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation Suite 750 320 West 4 th Street Los Angeles, CA 90013 (213) 576-7505	California Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation Suite 750 320 West 4 th Street Los Angeles, CA 90013
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96812 (808) 586-2727	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96812
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
INDIANA	Indiana Secretary of State Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State State Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026	Minnesota Commissioner of Commerce 85 7 th Place East Suite 500 St. Paul, MN 55101-2198
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Fl New York, NY 10005 212-416-8222	Secretary of State State of New York 99 Washington Avenue Albany, New York 12231

NORTH DAKOTA	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarek, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarek, ND 58505-0510
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9527	Director of Rhode Island Department of Business Regulation Floor Division of Securities 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501 (605) 773-3563	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 And United Corporate Services, Inc. 700 East Main Street, Suite 1700 Richmond, VA 23218
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559

EXHIBIT B

~~**FRANCHISE AGREEMENT**~~

FRANCHISEE: _____

DATE: _____

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ATTACHMENTS AND ADDENDA

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ATTACHMENT "G"	<u>Confidentiality Agreement</u>
ATTACHMENT "H"	<u>Business Associate Agreement</u>

ADDENDUM 1 Renewal Addendum
ADDENDUM 2 Transfer Addendum

THE JOINT **CORP.**
FRANCHISE AGREEMENT

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THE JOINT CORP.

FRANCHISE AGREEMENT

This The Joint Franchise Agreement (this ~~or the~~ “Agreement”) is ~~being~~ entered into ~~effective as of the~~ _____ day of _____, ~~as of~~ _____, 202__ (the “Agreement Effective Date”). ~~The parties to this Agreement are”) between~~ The Joint Corp., a Delaware corporation (“~~we,”~~” or “~~us,”~~” the “Company,” or “The Joint@”); _____, (“~~you”~~” or “Franchisee”), and, if you are”) and _____, a partnership, corporation, or limited liability company, your “Owners” (defined below). (n) _____ (“you”).

1. INTRODUCTION.

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. This Agreement includes several exhibits, all of which are legally binding and are an integral part of the complete Franchise Agreement. If you are a corporation, partnership or limited liability company, you will notice certain provisions that are applicable to those principal shareholders, partners or members on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as “Owners.”

Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of a The Joint@ franchise business model, at chiropractic location that specializes in affordable, convenient, and accessible chiropractic care. It is our mission “to improve the quality of life through affordable, routine Chiropractic care.” The clinic environment is intended to be inviting, approachable and the atmosphere intended to be welcoming and where no appointments are necessary (all of these characteristics, amongst others, are referred to in this Agreement as the “System”). This business model includes a location model that offers all of our franchised services and products (individually, a “Location Franchise” and collectively, “Location Franchises”). We refer to the owner(s) of Location Franchise(s) generally as a “franchisee(s)”. We are a private pay model and currently do not accept insurance. We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the marks “The Joint®”, “The Joint...the chiropractic place@” “The Joint Chiropractic@” and certain associated designs, artwork and logos, which we may change or add to from time to time (the “Marks”).

From time to time we grant to persons who meet our qualifications, franchises to own and operate a Location Franchise business that will operate and/or manage clinics (as allowed by applicable law) that specialize in providing chiropractic services and products to the general public through licensed chiropractic professionals (referred to as “Clinic(s)”). This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own, and be franchised to operate a Location Franchise (we will refer to your Location Franchise as the “Franchise” or the “Franchised Business”). You may purchase and operate your Franchise as a new, start up (a “Start up Location Franchise”), or may convert an existing chiropractic practice (a “Conversion Location Franchise”). In signing this Agreement, you acknowledge that you have conducted an independent investigation of The Joint’s franchise business model, and recognize and acknowledge that, like any other business, the nature of it may evolve and change over time, AND that an investment in a The Joint@ franchise involves business risks, and that the success of this business venture is primarily dependent on YOUR business abilities and efforts.

You represent to us, that as an inducement of our entering into this Agreement with you, there have been no misrepresentations to us in your application for the rights granted by this Agreement, or in the financial information provided by you and your Owners.

2. GRANT OF FRANCHISE.

2.1 Term; Reference to Exhibit I. You have applied for a franchise to own and operate a Location Franchise,

and we have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a Franchise to operate a Location Franchise that offers the products, services, and proprietary programs of ours, all to be used in accordance with all elements, rules and regulations of the System, that we may require for Location Franchises and in accordance with all manner of law and applicable regulations as relate to the chiropractic profession.

~~1. YOU MUST OPERATE THE FRANCHISE AT A MUTUALLY AGREEABLE SITE (THE “PREMISES”) THAT IS APPROVED BY THE COMPANY AND WHICH IS TO BE IDENTIFIED AND SECURED BY YOU AFTER THE SIGNING OF THIS AGREEMENT, AND TO THEREAFTER USE THE SYSTEM AND THE MARKS IN THE OPERATION OF THAT FRANCHISE, FOR A TERM OF TEN (10) YEARS (THE “INITIAL TERM”) IN STRICT ACCORDANCE WITH ITS TERMS. THE INITIAL TERM WILL BEGIN ON THE AGREEMENT DATE. (FOR CONVENIENCE, THE EXPIRATION DATE OF THE INITIAL TERM IS LISTED ON EXHIBIT 1.)~~ DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below:

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

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

~~Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise. (All references to the “term” of this Agreement refer to the period from the Agreement Date to the date on which this Agreement actually terminates or expires.)~~

~~2.2 Full Term Performance. You specifically agree to be obligated to operate the Franchise, perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the Franchise for the full term of this Agreement.~~

~~2.3 Management Agreement with Professional Corporation—Non-Licensed Franchisees. If you are not a licensed chiropractor, prior to commencing operations of the Franchised Business, you must enter into a management agreement (“Management Agreement”) with a duly formed and licensed chiropractic professional corporation (or a professional limited liability company, if permitted in the state in which the Clinic is located), (a “P.C.”), whereby you will provide to the P.C., non-chiropractic directive management and administrative services and support, consistent with the System and the lawful operation of a P.C., all of which shall at all times be in compliance with all applicable laws and regulations as relates to the practice of chiropractic medicine. A form of Management Agreement, is included as an Exhibit to our Disclosure Document, which must be reviewed and revised by your local attorney to ensure compliance with all local and state legal specifications. The P.C. shall employ and control the chiropractors and other chiropractic personnel that will provide the actual chiropractic services required to be delivered at and through the Clinic. You shall not provide any actual chiropractic services, nor shall you, direct, control or suggest to the P.C. or its chiropractors or employees the manner in which the P.C. provides or may provide actual chiropractic services to its patients or market to the public that anyone other than the P.C. is the owner/operator of the chiropractic practice to whom you provide management and business services.~~

~~Due to various federal and state laws regarding the practice of chiropractic medicine, and the ownership and operation of chiropractic practices and health care businesses that provide chiropractic services, you understand and acknowledge that you, as a non-chiropractor Franchisee, shall not engage in any practice that is, or may appear to be, the practice of chiropractic medicine. You acknowledge that the P.C. must offer all chiropractic services in accordance with all manner of law and regulation and that the Management Agreement and your relationship with the P.C. shall also be in accordance with all law and regulation and the System. It is your sole responsibility to operate in compliance with all applicable state and federal laws in relation to privacy and security of individually identifiable information.~~

~~It is your responsibility to, promptly and timely, source a duly formed and licensed P.C. for your Franchise location and enter into an approved Management Agreement with that P.C. Failure to do so will result in your inability to open your Franchise location. You must submit the duly formed P.C. and the credentials of the chiropractor or other~~

~~authorized professionals of the licensed P.C. for our review and approval. You must enter into a management agreement with the P.C. for your Franchise location using our standard form of Management Agreement. While you must use our standard form of Management Agreement with the P.C., you may negotiate the monetary terms, and with our written consent, certain other terms of the agreement with the P.C. We will not unreasonably withhold our approval to request changes in the Management Agreement if such changes are consistent with applicable law and regulation and the System. You must obtain our written approval of the final Management Agreement prior to your execution. You shall ensure that the P.C. offers all chiropractic services in accordance with the Management Agreement and the System and is compliant with all manner of law and regulation. You must have a Management Agreement in effect with a P.C. at all times during the operation of the Franchised Business and during the Initial Term of this Agreement.~~

~~If you are a licensed chiropractor, or part of a P.C. owned by licensed chiropractors, you do not need to execute a Management Agreement. However, you are still responsible for compliance with all manner of law and regulation applicable to the operation of a chiropractic Clinic and your Location Franchise.~~

~~2.4 Waiver of Management Agreement. In certain states, it may be permissible under existing law applicable to chiropractic professionals and/or practices or chiropractic clinics, for a non-chiropractor to both own and operate a Clinic and a Location Franchise. Certain of those laws may also allow a non-chiropractor or non-P.C. to hire chiropractic and other professional personnel to provide chiropractic services to patients at the Clinic in accordance with chiropractic regulation. If you determine that the laws that would apply to a Clinic in your state would permit you to do so, you may request that we waive certain of the requirements of the Franchise Agreement related to the separating of the ownership and/or operation of the chiropractic aspects of the Clinic from the general business management aspects. In particular, you, under those circumstances (i) would not enter into a Management Agreement with a P.C. that, as a separate entity, would otherwise operate the Clinic and provide all chiropractic services, and (ii) you would not be restricted from hiring and supervising chiropractic professionals in accordance with that state's regulation. Please be advised that any waiver, or modification of any of the other referenced requirements, will remain subject to compliance with all applicable laws and regulations. In such an event, and if we agree that such a waiver is appropriate, you must enter into an Amendment to Waive Management Agreement ("Waiver Agreement"), a copy of which is attached as an exhibit to our Disclosure Document. Under the Waiver Agreement, you will agree that, in lieu of entering into the Management Agreement with a P.C., you will (a) cause the Clinic to operate in accordance with all manner of law and regulation as relates to the practice of chiropractic and the standards for operating a chiropractic clinic, and (b) manage the Clinic as required in this Agreement, the System, and by performing all the responsibilities and obligations of the "Company" under the Management Agreement.~~

~~You are responsible for operating in full and complete compliance with all laws that apply to operating/managing a chiropractic Clinic in the state of your Franchise location. You must conduct your own diligence and make your own determination as to the required regulatory standards to be legally compliant to own or manage or operate a chiropractic clinic at your location. Please be advised, the laws applicable to your Clinic may change. If there are any chiropractic regulations or other laws that would render your operation of the Clinic through a single entity (or otherwise) in violation of any applicable medical or chiropractic regulation, you must immediately advise us of such change and of your proposed corrective action to comply with current chiropractic or applicable medical regulation, including (if applicable), but not limited to, entering into a Management Agreement with a P.C. Similarly, if we discover a change in any such law or regulation applicable to your Clinic, upon providing you notice of such law or regulation, you agree to immediately make such changes as are necessary to comply with the applicable medical or chiropractic regulation, including (if applicable), but not limited to, entering into a Management Agreement with a P.C..~~

~~2.5 Selection of Premises; Protected Territory; Reservation of Rights. You and we will mutually select the location of the Premises upon or after the signing of this Agreement. You acknowledge that the Franchise granted by this Agreement gives you the right to operate your Franchise only at the Premises. We will grant you a protected territory ("the Protected Territory"). We will define the Protected Territory in an addendum to this Agreement after you select and we approve the site for your Location Franchise. Typically, the Protected Territory will include between 10,000 to 25,000 households as defined by the natural traffic and trade patterns of your approved site. We will describe the Protected Territory using either longitude and latitude coordinates or a map that will show in general~~

~~terms the fixed geographical boundaries (such as rivers, streets or highways). The geographic size of the Protected Territory will vary based upon population density and a variety of demographic factors. In dense urban areas, the Protected Territory may encompass a city block or less, and at Non Traditional Sites, we might limit your Protected Territory to the site of your Location Franchise. In less dense suburban areas, the Protected Territory could include an entire municipality. For purposes of this Agreement, a “Non Traditional Site” means any site or channel that generates customer traffic flow that is independent from the general customer traffic flow of the surrounding area, including on or within the confines or premises of military bases, shopping malls or centers, airports, stadiums, major industrial or office complexes, parking lots or structures, mobile vehicles, airports, hotels, resorts, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, theme parks, and sports or entertainment venues. A “Non Traditional Site” also includes the establishment and operation of a Clinic within a pre-existing business that does not operate under the Marks. For example, Clinics established within an urgent care center, retail store, or medical spa would qualify as Non Traditional Sites. We would expect to grant franchises for Non Traditional Sites in self-contained locations such as college or university campuses, airports, hospitals, or sports arenas.~~

~~We will not modify your Protected Territory during the franchise term. If you intend to renew or transfer the franchise, and your Protected Territory is larger than our then current standard size for territories or the then current demographics of your Protected Territory have changed, then we may reduce the size of your Protected Territory on renewal or require your transferee to operate the Location Franchise in a smaller territory. If we reduce the Protected Territory, we will give you or your transferee the option (as applicable) to develop the remaining territory.~~

~~If you are in full compliance with the Franchise Agreement, then during the Franchise Agreement term, neither we nor our affiliates will operate or grant a franchise for the operation of another Location Franchise or a Company-owned outlet located within your Protected Territory (except for Location Franchises at Non Traditional Sites and Location Franchises that result from an Acquisition) that offers the same or similar goods or services under the same or similar trademarks. ~~Because~~ we retain the ability to operate or grant others the right to operate Location Franchises at Non Traditional Sites in your Protected Territory, 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.~~

~~We and our affiliates reserve the right to engage in any activities we deem appropriate that your Franchise Agreement does not expressly prohibit, whenever and wherever we desire, including the right to (1) own, acquire, site build, or operate, for our own account, or grant to others the right to operate Location Franchises on terms and conditions and at locations we deem appropriate outside of your Protected Territory; (2) to grant Regional Developer franchises which may encompass the area where your site is located; (3) provide or grant other persons the right to provide goods and services that are similar to and/or competitive with those provided by Location Franchises through any distribution channel, including, but not limited to, sales via mail order, catalog, toll free telephone numbers, and electronic means, including the Internet under the Marks or trademarks and services marks other than the Marks; (4) engage in an Acquisition, including an Acquisition that results in one (1) or more competitive businesses operating under the Marks within the Protected Territory; and (5) establish and operate, or grant others the right to establish and operate, Clinics that are located within Non Traditional Sites that are located anywhere, including within your Protected Territory. For purposes of ~~the this Section~~, an “*Acquisition*” means either: (i) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (ii) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.~~

~~“*Agreement*” is defined in the Introductory Paragraph.~~

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

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

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

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

“Business” means the franchised business you operate pursuant to this Agreement.

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

“Business Data” means, collectively or individually, Patient Data and Operational Data.

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

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

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

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

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

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

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

“Competing Business” means any business that meets at least one of the following criteria:

- (a) any cash-basis, private-pay chiropractic business that operates using a membership model and derives (or is reasonably expected to derive) at least \$10,000 per year from the performance of chiropractic services;
- (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or
- (c) any business that manages, services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition.

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

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

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

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

“CPOM” means the corporate practice of medicine doctrine as applied to a chiropractic clinic.

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

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

“Effective Date” is defined in the Introductory Paragraph.

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

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

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

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

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay

or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Clinic as a result of such epidemic or pandemic.

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

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

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

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

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

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

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

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

“Healthcare Counsel” means an attorney who: (a) is engaged by you for purposes of rendering legal advice pertaining to the ownership, development and operation of your Clinic; (b) is licensed to practice law in the state in which your Clinic is located; (c) has significant experience and expertise with Healthcare Laws

applicable in the state in which your Clinic is located; and (d) is approved by us, such approval not to be unreasonably withheld.

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

- (a) restrict or limit the Persons who may lawfully own a Clinic, provide Chiropractic Services and/or employ Chiropractic Staff, including CPOM and other comparable Laws;
- (b) regulate the practice of chiropractic, including Laws requiring the licensure of chiropractors or other Chiropractic Staff;
- (c) restrict physician self-referrals, including the federal Stark Law and comparable state Laws;
- (d) restrict or prohibit the payment or receipt of remuneration as an inducement or reward for patient referrals, including the federal Anti-Kickback Statute and comparable state Laws;
- (e) restrict or prohibit certain fee splitting arrangements involving physicians or other healthcare professionals;
- (f) regulate the use of medical devices;
- (g) regulate the privacy of patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information for Economic and Clinical Health Act (HITECH) and other comparable federal and state Laws; or
- (h) regulate the advertising of chiropractic clinics or Chiropractic Services.

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

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

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

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

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

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

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

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

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Clinic including, but not limited to: architectural plans, drawings and specifications for a prototype Clinic; site selection criteria; methods and techniques; standards and specifications; policies and procedures; Management Services (for Managed

Clinics); patient and customer lists, records, membership agreements and/or contracts; supplier lists and information; marketing strategies; merchandising strategies; training programs and materials; the Office Management Software; financial information; and information comprising the System or included in the Manual.

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

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

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

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

“Managed Clinic Addendum” means our designated form of Managed Clinic Addendum that you must sign if your Clinic is a Managed Clinic, the most current form of which is attached to the Franchise Disclosure Document you received prior to execution of this Agreement.

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

“Management Services” has the meaning given to such term in the Managed Clinic Addendum.

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

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

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

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

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

“Office Management Software” means our proprietary software that serves as the Clinic’s point-of-sale system

and electronic health records system.

“Opening Date” means the date your Clinic commences offering Chiropractic Services to the public under our Marks in accordance with §1.1(a).

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

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

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

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

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

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

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

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

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

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

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 1% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Clinic; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Clinic patient to transfer their business from a Clinic to a competitor.

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

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

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

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

“Purchase Price” means the price we pay for the Purchased Assets if we exercise our Purchase Option.

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

“Renewal Addendum” means the Renewal Addendum attached as ADDENDUM 1, which shall be deemed to amend this Agreement if this Agreement is being executed in connection with a renewal of your franchise rights.

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

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

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

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

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

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

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

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

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

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

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

- (a) this Agreement (or any interest therein);
- (b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business you conduct pursuant to this Agreement (or any interest therein);
- (d) the right to manage the Clinic or occupy its premises;
- (e) the Clinic’s assets, other than the sale of fixtures or equipment in the ordinary course of business;
or
- (f) an Equity Interest in the Franchisee Entity;

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

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

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

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

“We” or “us” is defined in the Introductory Paragraph.

“You” is defined in the Introductory Paragraph.

2. GRANT OF FRANCHISE.

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

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

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

- (i) sign the Managed Clinic Addendum, which amends this Agreement and sets forth your roles and

responsibilities associated with the ownership and operation of a Managed Clinic;

- (ii) notify us of identity of the Chiropractic PC that will own and operate the Clinic and employ the Chiropractic Staff who provide Chiropractic Services at the Clinic (referred to as the “Clinic Operator”) and provide all information we require about Clinic Operator, its owners and the chiropractors and other Chiropractic Staff it employs;
- (iii) sign, and cause the Clinic Operator to sign, the Acceptance and Acknowledgement Agreement (which is attached to the Managed Clinic Addendum as Attachment A);
- (iv) sign, and cause the Clinic Operator to sign, a Management Agreement; and
- (v) provide Management Services in accordance with our System, for the benefit of the Clinic Operator and the Clinic, pursuant to the terms and conditions set forth in the Franchise Agreement, the Managed Clinic Addendum, the Management Agreement and the Manual.

2.4. Waiver Agreement. If you are neither a licensed chiropractor nor a Chiropractic PC and you believe the state in which your Clinic is located qualifies as a Non-CPOM State, you may submit a written request to enter into a Waiver Agreement with us to enable you to own, operate and manage a Franchised Clinic. As a condition to signing the Waiver Agreement, we may require that you provide us with a legal opinion, prepared by your Healthcare Counsel and addressed to us, opining that you may lawfully own, operate and manage a Franchised Clinic and employ the Chiropractic Staff who will provide Chiropractic Services at the Clinic. The form and content of the legal opinion must be reasonably acceptable to us. You understand that Healthcare Laws change from time to time. If, subsequent to our execution of a Waiver Agreement, there is a change to applicable Healthcare Laws that renders your ownership of a Franchised Clinic and/or employment of Chiropractic Staff unlawful, we may require that you convert from a Franchised Clinic to a Managed Clinic in accordance with §2.3, which may require you to incur significant additional expense. You are solely responsible for all legal fees and expenses charged by your Healthcare Counsel.

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

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

4. TERRITORY.

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

4.2. Territorial Protections and Limitations. During the Term we will not develop or operate, or license a third party to develop or operate, a Clinic that is located within the Territory except as otherwise provided in this Section with respect to Captive Venues and Acquisitions. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Clinics in Captive Venues that are located within your Territory; and (b) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within the Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Territory through Alternative Channels of Distribution. As further described in §8.1, your Site Selection Area will receive the same territorial rights and protections set forth in this §4.2 during the Protected Search Period.

5. TERM AND RENEWAL.

5.1. Generally. This Agreement Renewal of Franchise.

~~(a) Franchisee’s Right to Renew.~~ Subject to the provisions of Section 2.6(b) below, and provided you are not in default of any material terms of this Agreement or any other agreement(s) you may have with us, and if you have substantially complied with all provisions of this Agreement and all other agreements between us, then upon the expiration of the Initial Term, you will have the right to renew the Franchise for one (1) additional term of ten (10) years (the “Renewal Term”). Notwithstanding the foregoing, such right of renewal is expressly conditioned upon your having refreshed and refurbished the Premises, including the replacement of fixtures, furnishings, wall decor, furniture, equipment, and signs and otherwise modify the Franchise to be in compliance with current specifications and standards then applicable for Location Franchises within thirty (30) days prior to the commencement of the Renewal Term. In addition, we have the right, in our sole discretion, to withhold our consent in the event you have received any email or letter from us notifying you of a breach of this Agreement, the Operations Manual or any other agreement with us (or similar reporting email or letter communications) and have failed to timely or satisfactorily cure the applicable breach in accordance with our instructions.

~~Notice of Deficiencies and Other Requirements.~~ At least one (1) year before the expiration of the Initial Term, we agree to give you written notice of any deficiencies in your operation or in the historical performance, marketing and revenue generation of the Franchise that could cause us not to renew the Franchise. Such notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Franchise or of the Premises, and will specify the time period in which those deficiencies must be corrected or other requirements satisfied so that we may grant a renewal. Renewal of the Franchise will be conditioned upon your correction of the cited deficiencies and on your compliance with all the terms and conditions of this Agreement up to the date of expiration. If you are in default of any provisions of the Agreement or related agreements, you will not be granted a right to renew your Franchise. If we send a notice of non-renewal, it will state the reasons for our refusal to renew.grants you the right to operate your Business only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of one (1) Successor Agreement following the expiration of the Term. The Successor Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term, the terms of which may vary materially and substantially from the terms of this Agreement. Upon renewal, we reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. If a

reduction in Territory includes the removal of a geographic area large enough to qualify as a territory for another Clinic, we will give you the first option to acquire franchise rights to develop a Clinic within such territory. The renewal term will be 10 years. The parties may agree to further renewals after expiration of the first (1st) renewal term, but neither party is obligated to do so (unless required by applicable state Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement and your remaining renewal rights, if any.

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

- (i) notify us in writing of your desire to enter into a Successor Agreement not less than 12 months nor more than 24 months before the expiration of the Term;
- (ii) not be in default under any Definitive Agreement when you send the renewal notice or sign the Successor Agreement;
- (iii) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (iv) sign a General Release;
- (v) pay us a renewal fee equal to 25% of our then-current, non-discounted, initial franchise fee for the purchase of a first franchised Clinic;
- (vi) pay us a \$600 clinic design fee, but only if we require the preparation of a new Clinic Design for your Clinic;
- (vii) remodel the Clinic and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications (you must pay us a \$600 clinic design fee if we determine a new Clinic Design is necessary); and
- (viii) extend the term of your lease for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

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

6. TRAINING AND CONFERENCES.

6.1. Initial Training Program. The Managing Owner and your General Managers (if any) must attend and successfully complete our initial training program at least 30 days before your Clinic's anticipated opening date. If you

hire a new General Manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new General Manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program before assuming responsibility for the management of your Clinic.

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

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

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

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

6.6. Training Fees and Expenses. We provide our pre-opening initial training program at no additional charge. We also do not charge a training fee for any online training we make available to you or your staff. We may charge a training fee (not to exceed \$1,000 per Person per day) for each Person who: (a) attends our initial training program after the Clinic's Opening Date (such as a new Managing Owner or General Manager); (b) retakes training after failing a prior attempt; (c) attends a remedial training program; (d) attends additional training requested by you; or (d) attends a refresher or supplemental training program we conduct. If we provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to any onsite training we conduct prior to the Clinic's Opening Date pursuant to §6.2). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.

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

7. OTHER FRANCHISOR ASSISTANCE.

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

7.2. Office Management Software. We will license you the right to use our proprietary Office Management Software. You must use the Office Management Software in the manner we specify. You are responsible for all costs to purchase and install the Office Management Software. You must also pay us a monthly licensing fee for use of the Office Management Software, which will be included as part of the Technology Fee you pay to us pursuant to §12.9(d). The current licensing fee for the Office Management Software is \$599 per month, commencing with your opening date. We

may increase the licensing fee upon at least 30 days' prior written notice; *provided, however*, that the maximum licensing fee we may impose during the Term for the Office Management Software is \$799 per month. The licensing fee is currently debited from your Account in accordance with §14.5 on the fifth (5th) day of each month. We may discontinue licensing the Office Management Software to you upon 30 days' prior written notice.

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

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

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

7.6. Email Addresses. We will provide you one or more THE JOINT[®] email addresses for use with your Business. The email addresses are included as part of what you receive in exchange for the technology fee described in §12.9. You must exclusively use the email addresses we provide for all communications with us, patients, suppliers and other Persons relating to your Clinic. You may not use them for any purpose unrelated to your Clinic. We own the email addresses and accounts but allow you to use them during the Term.

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

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

- (i) using and publishing a telephone number that we designate;
- (ii) acquiring, installing, and using related technology;
- (iii) engaging a designated service provider (which may be us, our affiliate, or a third party) to administer the call center; and
- (iv) executing any related user or service agreement designated by us or the third-party provider.

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

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

8. ESTABLISHING YOUR BUSINESS

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

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

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

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

~~(b) — Opening/Renewal Agreement. Should you choose to seek to renew the Franchise, you must provide us~~

with written notice of that intent no earlier than two (2) years and no later than one (1) year before the expiration of the Initial Term. ~~Should you be granted a right to renew the Franchise as set forth above, the Company, you and your Owners must execute the then current form of Franchise Agreement and any ancillary agreements with appropriate modification memorializing that a renewal fee will be due and payable and not the current, initial franchise fee. Said renewal fee shall equal 25% of the then current initial franchise fee for a Location Franchise.~~

~~2.7 Personal Guaranty by Owners; Reference to Exhibit 2.~~ Each of the Owners and their spouses (where applicable), will be required to execute a personal guaranty (the "Guaranty"), guaranteeing the Franchise's liabilities and obligations to the Company. A copy of the Guaranty and Assumption of Obligations is incorporated herein as Exhibit 2.

~~3. DEVELOPMENT AND OPENING OF THE FRANCHISE~~

~~3.1 Site Approval; Lease or Purchase of Premises; Opening Timeline; Reference to Exhibit 3.~~

~~(a) You must locate and select a proposed site for the Premises that is acceptable and approved by us as suitable for the operation of a Location Franchise. Your proposed site must be submitted with the required documentation in accordance with our policies and procedures, and must be reviewed and approved by us. Acceptance of a proposed site shall be at our sole and absolute discretion and shall not constitute, nor be deemed, a judgment as to the likelihood of success of a Location Franchise at such location, or a judgment as to the relative desirability of such location in comparison to other locations. We will accept or reject a proposed site within approximately fifteen (15) business days of receipt of a completed site submission package, as same may be defined and modified by us from time to time in our sole and absolute discretion. Your failure to submit a completed site approval package with the required information, and/or failure to secure an acceptance from us for a proposed Site for the Premises in a timely manner shall NOT be reason for extending the Opening Deadline set forth in this Franchise Agreement.~~

8.5. Following our acceptance of your site submittal package, you must obtain lawful possession of the Premises by executing a lease for the Premises ("the

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

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

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

- (i) your Managing Owner and General Managers (if any) successfully complete our initial training program;
- (ii) you purchase all required insurance and furnish us with evidence of coverage;
- (iii) you hire the Chiropractic Staff necessary to operate the Clinic;
- (iv) you obtain all required licenses, permits and other governmental approvals;
- (v) you provide us with credentialing reports for all of your chiropractors;
- (vi) you provide us with reasonably acceptable proof that your organizational structure is compliant with all applicable Laws;

~~(b) you Lease"). Prior to your executing the Lease, and as a condition of our acceptance, be advised that~~

~~the Lease for the Premises MUST include the form of Addendum to Lease, attached as Exhibit 3 to the Franchise Agreement, and which provides us amongst other things, requisite notice from the Landlord to the Franchisor for any defaults under your lease, and expressly permits us to take possession of the Premises under certain conditions and/or if this Agreement is terminated or if you violate the terms of the Lease. Before executing a lease, you must submit it to us for review. You agree that you will not execute a lease without our advance written approval of the lease terms which must specifically include the designated form of Franchisor rider or additional required lease language.~~

~~(c) Unless we agree otherwise, you must open your franchise for business no later than the Opening Deadline set forth in Exhibit 1 to this Agreement. If no Opening Deadline is set forth in Exhibit 1, then the Opening Deadline shall be deemed to be three hundred (300) days from the Agreement Date. If you are delayed from opening your Location Franchise by the Opening Deadline, you must immediately provide us with a written request to extend the deadline, which we may grant or withhold in our sole discretion. The request must state: (1) that a delay is anticipated; (2) the reasons which caused the delay; (3) the efforts that you are making to proceed with the opening; and (4) an anticipated opening date. In considering the request, we will not unreasonably withhold our consent to a delay if you have been diligently pursuing the opening.~~

~~(i)(vii) You must commence pre-opening marketing and promotional activities at least sixty (60) days prior to opening your Location Franchise, and collect at least two hundred (200) leads from prospective new patients during such sixty (60) day period. Unless we agree otherwise, you may not open your Location Franchise prior to meeting these requirements from your pre-opening marketing conducted in accordance with §11.3(b);~~

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

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

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

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

8.6. Relocation. You may relocate your Clinic with our prior approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our acceptance of a site for the new Clinic within the Site Selection Area, but outside any territory granted to us, our affiliate or any other franchisee); (b) pay us a \$2,500 relocation fee, which is due seven (7) days after we accept the new site; (c) pay us an additional \$1,000 clinic design fee for any new Clinic Design we provide; (d) comply with the site selection, lease, design, construction and opening requirements in §8.1 to §1.1(a) with respect to the new Clinic (excluding the provisions pertaining to the Required Opening Date and extensions thereof); and (e) cause the Clinic's Opening Date at the new site to occur within 30 days after closing your

Clinic at the former site; *provided, however*, that if you relocate because your Clinic is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have 300 days after closing to reopen at the new site.

9. MANAGEMENT AND STAFFING.

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

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

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

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

9.5. Interim Manager. We have the right, but not the obligation, to designate a Person of our choosing (an

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

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

11. ADVERTISING & MARKETING.

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

- (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;
- (ii) conducting and administering promotions, contests or giveaways;
- (iii) participating in national or regional trade shows;
- (iv) improving public awareness of the Marks;
- (v) public and consumer relations and publicity;
- (vi) brand development;
- (vii) sponsorships;
- (viii) charitable and non-profit donations and events;
- (ix) research and development of technology, products and services;
- (x) website development and search engine optimization;
- (xi) development and maintenance of an ecommerce platform;
- (xii) development and implementation of quality control programs, including the use of mystery shoppers or member satisfaction surveys;
- (xiii) conducting market research;

- (xiv) changes and improvements to the System;
- (xv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;
- (xvi) collecting and accounting for contributions to the fund;
- (xvii) preparing and distributing financial accountings of the fund;
- (xviii) any other programs or activities we deem appropriate to promote or improve the System; and
- (xix) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

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

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

11.3. Your Marketing Activities.

(a) Generally. Commencing with the Opening Date, you must spend, on a monthly basis, an amount equal to or greater than your Local Advertising Commitment on local advertising to promote your Clinic. Your "Local Advertising Commitment" is the greater of (i) \$3,000 per month or (ii) 5% of monthly Gross Sales. We measure your compliance with this requirement on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the Local Advertising Commitment, you are deemed in compliance even if your expenditure in any given month is less than the Local Advertising Commitment. If you breach your obligation to spend an amount equal to or greater than your Local Advertising Commitment over a given measuring period, we may charge you an amount equal to 10% of the difference between your Local Advertising Commitment and the amount you actually spent over the measuring period, and deposit such amount into the Brand Fund. Brand fund fees, and your grand opening marketing expenditures, are in addition to, and not credited towards, your Local Advertising Commitment. You must participate at your own expense in all advertising, promotional and marketing programs we require, including any advertising

cooperative we establish pursuant to §11.4. We may at any time designate ourselves or a third-party as the exclusive supplier for digital marketing or other advertising services, in which case you must stop using other suppliers for these services no later than the later of: (i) the expiration date of any existing supplier contracts you entered into for these services; or (ii) 30 days after we notify you of the change. Any fees you pay us, in our capacity as the designated supplier for digital marketing and/or other advertising services (excluding services relating to administration of the brand fund) will be credited towards your Local Advertising Commitment.

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

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

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

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

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

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

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

(iii) you immediately remove any post we disapprove;

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

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

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

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

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

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

12. OPERATING STANDARDS.

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

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

- (i) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Clinic;
- (ii) a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Clinic and (b) designated and approved suppliers;
- (iii) a description of the authorized goods and services that Clinics may offer, sell or provide;
- (iv) specifications, techniques, methods, operating procedures and quality standards; and
- (v) policies and procedures pertaining to: (a) marketing and advertising; (b) accounting; (c) bookkeeping; (d) reporting; (e) insurance; (f) gift card, loyalty or membership programs; (g) data ownership, protection, sharing and use; and (h) other matters we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Clinics. We can modify the Manual at any time. Except as otherwise provided in this Agreement, these modifications are binding at the time we notify you of the change, subject to any “grace period” we provide to implement the change. Subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, all mandatory provisions in the Manual (whether included now or in the future) are binding on you.

12.3. Authorized Goods and Services. Subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, you must: (a) offer, sell and provide all goods and services we require from time to time in our commercially reasonable discretion; (b) not offer, sell or provide any other goods or services without our prior written permission; and (c) participate in any market research program we conduct by offering and promoting new or modified goods or services we prescribe on a trial basis. If we require Clinics to offer and sell merchandise or other retail products, you must ensure your Clinic complies with any minimum stocking or other merchandising

requirements in the Manual. We may change authorized goods and services at any time and you must, subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, comply with our instructions regarding same. Any such change shall not constitute a termination of this Agreement.

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

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

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

12.7. Suppliers and Purchasing. Subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, you must purchase or lease and (when applicable) utilize all products, supplies, equipment, services and other items specified in the Manual. The Manual may require that you purchase certain goods and services only from suppliers we designate or approve. These suppliers may include (or be limited exclusively to) us or our affiliate. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or otherwise provided in connection with the development and operation of Clinics, protect our trade secrets, negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. We have no liability to you for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or approve, provided that we exercise our discretion in good faith in designating or approving such supplier. If we receive rebates, royalty fees, or other consideration from suppliers based on your purchases, we have no obligation to pass them through to you or use them for any particular purpose. If you wish for us to approve a supplier, you must send us a request for approval specifying the supplier's name and qualifications and provide all additional information we request. We will approve or reject your request within 45 days after we receive your request and all information and samples we require. We are deemed to have rejected your request if we fail to issue our approval within the 45-day period. You must reimburse us for all costs and expenses we incur to review suppliers or products you propose.

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

12.9. Technology Systems.

(a) Generally. You must acquire and utilize all Technology Systems we require from time to time, including the Office Management Software. Technology Systems may relate to matters such as

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

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

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

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay these suppliers based on your use of their software, technology, equipment, or services. The "technology fee" includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include any amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We will list the current technology fee in the Manual.

12.10. Remodeling and Renovations. From time to time, we may consider, test and implement modifications to the standard design, appearance, branding, trade dress and/or layout of a Clinic. You must remodel, renovate and make all improvements to your Clinic that we reasonably require to reflect our then-current standards and specifications; provided, however, that we will not impose this requirement: (a) unless we have implemented similar changes in at least 25% of similarly-situated company-owned Clinics and developed a plan to implement similar changes in the remaining

similarly-situated company-owned Clinics; or (b) during the last 24 months of the Term, except as a condition to Transfer or renewal of your franchise rights. There are no other limitations on the frequency or cost of these remodeling obligations. At a minimum, we require that you spend at least \$20,000 every four (4) years on approved remodeling, expansion, redecorating and/or refurbishing of the Clinic's premises. The \$20,000 cap on expenditures excludes any clinic design fee you pay to us. You may not remodel or significantly alter the Clinic's premises without our prior written approval. We will not approve any proposed remodeling or alteration that is inconsistent with our then-current standards and specifications. Unless we waive the requirement, you must procure a new Clinic Design from us, and pay us a \$600 clinic design fee, prior to initiating any modifications to the structure of your Clinic.

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

12.12. System Programs.

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

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

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

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

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

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

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

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

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

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

14. FEES

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

~~Royalty Fee Unless we agree to extend the Opening Deadline, if you do not open your Franchise for business by the Opening Deadline, you will be considered in default of your Franchise Agreement. Upon receipt of written notice from us of such default, you must cure such default by opening your Franchise for business no more than one ninety (90) days after receipt of such notice, or one hundred and eighty (180) days after the Opening Deadline, whichever occurs first. If you fail to cure your default, we have the right to immediately terminate your Franchise.~~

~~Regardless of whether you open your Franchise for business by the Opening Deadline, you are obligated to pay us the minimum Royalty Fee of \$700 due under Section 6.2 of this Agreement, thirty (30) days after the Opening Deadline. If you open your Franchise for business earlier than the Opening Deadline, you are obligated to pay us the minimum Royalty Fee of \$700 due under Section 6.2 of this Agreement on the first day of the month following the partial month you opened your Franchise for business. If you fail to pay the minimum Royalty Fee due during the time you are in default of this Section 3.1(e), and do not cure such default after receipt of ten (10) days written notice from us of such default, we may immediately terminate your Franchise.~~

~~3.2 Prototype and Construction Plans and Specifications. Upon receipt from you of completed pre-construction forms and as-built drawings of the Location, we shall provide to Franchisee a Clinic floor plan design for the Location containing floor plan, demising and interior wall locations, flooring specification, ceiling specification, furnishing, fixture, and equipment location and specification (hereby known as "Clinic Schematic"). The Franchisee will receive the Joint's design requirements, including building specifications (locations of walls, counters, retail displays, fixtures, and equipment) (the "Clinic Design"). We do not represent or warrant design compliance with Applicable Laws, including the Americans with Disabilities Act ("ADA"). Franchisee shall, at its sole cost and expense, ensure that the Clinic Design complies with all Applicable Laws (including the ADA), and Franchisee shall obtain any required architectural seals, engineering seals and other required approvals. The cost of any leasehold improvements, equipment, fixtures and displays, and of any architectural and engineering drawings, are Franchisee's sole responsibility. Franchisee must utilize The Joint's design department to prepare and complete all construction drawings for new Centers, remodels, relocations, Kiosks and upgrades, which services shall be subject to The Joint's then current fees, as described in the Operations Manual.~~

~~In order to address and adapt to ever-changing economic and marketplace conditions and consumer expectations and demands, we may throughout the Term consider and test, and in its sole judgment implement, modifications to the design, appearance, branding, and/or layout of The Joint Clinics. Franchisee therefore acknowledges that, after construction and development of its Clinics, we might choose to implement modifications to the design, appearance, branding, and/or layout of The Joint Clinics, as a result of which Franchisee's Clinic Design may no longer be the latest design specification for The Joint Clinics. Whether or not Franchisee is required or chooses to modify its Clinic Design during the Term to the new design, as provided elsewhere in this Agreement, nothing in this Agreement prevents The Joint at any time from implementing modifications to the design, appearance, branding, and/or layout of The Joint's Clinics in its sole judgment, and Franchisee agrees it will have no claim against The Joint or any Affiliate of The Joint if Franchisee's Clinic Design is not then the latest design for The Joint Chiropractic Clinic.~~

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

period(s) and royalty payment due date(s) through updates to the Manual.

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

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

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

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

14.7. Security Interest. In order to secure payment of all amounts owed under this Agreement, we will~~Opening Deadline defined in Exhibit 1: (1) secure all financing required operating and development capital to fully develop, fund and operate the Franchise in accordance with this Agreement and the System; (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses necessary to operate a Clinic at the location; (3) construct the Franchise location according to the approved construction plans and specifications; (4) decorate the Franchise location in compliance with the approved plans and specifications; (5) purchase and install all required equipment, furniture, furnishings and signs; (6) cause the training requirements of Section 4 to be completed; (7) purchase an opening inventory of products and other supplies and materials; (8) provide proof, in a form satisfactory to us, that your operation of the Franchise at the Franchise location does not violate any applicable state or local zoning or land use laws, ordinances, or regulations, or any restrictive covenants that apply to such location; (9) provide proof, in a form satisfactory to us, that you (and/or your General Manager, as defined in Section 4.1, if any) are legally authorized and have all licenses necessary to perform all of the services to be offered by your Franchise, and that your organizational structure is consistent with all legal requirements, including but not limited to any required affiliation with a P.C. and/or management company; (10) provide proof, in a format satisfactory to us, that you have obtained all required insurance policies, and have named us, as an additional insurance under all such policies; (11) submit to us a completed copy of the grand opening checklist we provide to you; (12) do any other acts necessary to open the Franchise for business; (13) obtain our approval to open the Franchise for business; and (14) open the Franchise for business.~~

~~3.4 Computer System:~~

~~(a) General Requirements.~~ You agree to exclusively use in the development and operation of the Franchise the computer terminals/billing systems and operating software (“Computer System”) that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from

~~time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining the Computer System (or additions or modifications thereto), including software, may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require and, where applicable, contract with all third party vendors that we require for purposes of providing one or more components of the Computer System on a one time or an ongoing basis. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support Computer System related services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded. You agree to purchase HIPAA compliant privacy screens for all your laptops, desktop monitors, or other electronic devices.~~

~~(b) Software. As a Franchisee of The Joint®, we will provide to you our proprietary office management software (the “Joint Software”), which you must either install onto the Computer System or stream from a third party vendor or platform, as applicable, and use in the daily operation of the Franchise. In addition, we may, at any time and from time to time, contract with one or more software providers, business service providers, or other third parties (individually, a “Service Provider”) to develop, license, or otherwise provide to or for the use and benefit of you and other Location Franchises, certain software, software applications, and software maintenance and support services related to the Computer System that you must or may use in accordance with our instructions with respect to your Computer System.~~

~~3.5 Equipment, Furniture, Fixtures, Furnishings and Signs. You agree to use in the development and operation of the Franchise only those brands, types, and/or models of equipment, furniture, fixtures, furnishings, and signs we have approved.~~

~~3.6 Franchise Opening. You agree not to open the Franchise for business until: (1) all of your obligations under Sections 3.1 through 3.4 of this Section have been fulfilled; (2) we determine that the Franchise has been constructed, decorated, furnished, equipped, and stocked with materials and supplies in accordance with plans and specifications we have provided or approved; (3) you and any of your Franchise’s employees whom we require complete our pre opening Initial Training (as defined herein) to our satisfaction; (4) the Initial Franchise Fee (as defined herein) and all other amounts due to us have been paid; (5) you have furnished us with copies of all insurance policies required by Section 10.8 of this Agreement, or have provided us with appropriate alternative evidence of insurance coverage and payment of premiums as we have requested; (6) You have, if required, entered into a management agreement relationship with a duly formed and licensed P.C. and (7) we have approved any marketing, advertising, and promotional materials you desire to use, as provided in Section 11.2 of this Agreement.~~

~~The Company will provide, at our expense, an opening supervisor to be on site at your Location Franchise to assist you with your operational efficiency, staff training, Location Franchise setup and grand opening. The opening supervisor will be on site one (1) day before the opening of your first Location Franchise and for one (1) day after the opening of your first Location Franchise.~~

~~4. TRAINING.~~

~~4.1 General Manager. At your request, we may, but are not obligated to, agree for you to employ a general manager to operate the Franchise (“General Manager”). The term “General Manager” means an individual with~~

primary day to day responsibility for the Franchise's operations, and may or may not be you (if you are an individual) or an Owner, officer, director, or employee of yours (if you are other than an individual). We may or may not require that the General Manager have an equity interest in the Franchise. The General Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Franchise's operations, and must have full authority from you to implement the System at the Franchise. You must not hire any ~~General Manager~~ or successor General Manager without first receiving our written approval of such General Manager's qualifications. Each General Manager and successor General Manager must attend and complete our Initial Training (as defined herein). No General Manager may have any interest in or business relationship with any business competitor of your franchise. Each General Manager must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information described in Section 9.1, and to abide by the covenants not to compete described in Section 9.3. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your General Manager (if any) is not qualified to act as General Manager of the Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

~~4.2 Training.~~ You acknowledge that it is very important to the operation of the Franchise that you and your employees receive appropriate training. To that end, you agree as follows:

(a) — No later than thirty (30) days before the Franchise opens for business, you must attend our initial training program for your Franchise (the "Initial Training") at the time and place we designate. You (if you are an individual) or at least one of your Owners (if you are a legal entity) must complete the Initial Training to our satisfaction. If you employ a General Manager other than yourself or one of your Owners, that General Manager must also complete the Initial Training to our satisfaction. Other employees may complete the Initial Training at your sole discretion and expense, provided you first obtain our approval and subject to availability of facilities and materials. The Initial Training may include classroom instruction and Location Franchise operation training, and will be furnished at our training facility in Scottsdale, Arizona, your Franchise Location, and/or at another training location we designate. Our Initial Training programs may be different for each employee depending on their responsibilities at the Franchise. There will be no tuition charge for the persons whom we require to attend any Initial Training program or for any additional personnel of your choosing. All persons who attend our Initial Training must attend and complete the Initial Training to our satisfaction. If we, in our sole discretion, determine that any General Manager or employee who attends any Initial Training program is unable to satisfactorily complete such program, then you must not allow that person to work at your Location Franchise, and must identify a substitute ~~General Manager~~ or employee who must enroll in the Initial Training program within fifteen (15) days thereafter, and complete the Initial Training to our satisfaction.

(b) — You agree to attend, and have your General Manager (if applicable and desired) and/or other employees who you have had attend our Initial Training, complete such additional training programs at places and times as we may request from time to time during the term of this Agreement.

(c) — In addition to providing the Initial Training described above, we reserve the right to offer and hold such additional ongoing training programs and Franchisee meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. We also reserve the right to make any of these training programs mandatory for you and/or designated owners, and/or representatives of yours, including your General Manager (if any). We reserve the right to charge you a daily attendance fee in an amount to be set by us for each attendee of yours who attends any mandatory or optional training program or owners meeting. If we offer any such mandatory training programs, then you or your designated personnel must attend.

(d) — You agree to pay all wages and compensation owed to, and travel, lodging, meal, transportation, and personal expenses incurred by, all of your personnel who attend our Initial Training and/or any mandatory or optional training we provide.

(e) — We may require your employees to periodically and on an ongoing basis take and pass an online computer training course and/or exam. While there is no cost to take such training, we may require all employees and staff to pass such training to our satisfaction before they may begin working at your Franchise location.

~~(f) The Franchisee's General Manager (if any) and other employees shall obtain all certifications and licenses required by law in order to perform their responsibilities and duties for the Franchise.~~

~~5. GUIDANCE; OPERATIONS MANUAL.~~

~~5.1 Guidance and Assistance. During the term of this Agreement, we may from time to time furnish you guidance and assistance with respect to: (1) specifications, standards, and operating procedures used by Location Franchises; (2) purchasing approved equipment, furniture, furnishings, signs, materials and supplies; (3) development and implementation of local advertising and promotional programs; (4) general operating and management procedures; (5) establishing and conducting employee training programs for your Franchise; and (6) changes in any of the above that occur from time to time. This guidance and assistance may, in our discretion, be furnished in the form of bulletins, written reports and recommendations, operations manuals and other written materials (the "Operations Manual"), and/or telephone consultations and/or personal consultations at our offices or your Franchise. If you request and if we agree to provide any additional, special on-premises training of your personnel or other assistance in operating your Franchise, then you agree to pay a daily training fee in an amount to be set by us, and all expenses we incur in providing such training or assistance, including any wages or compensation owed to, and travel, lodging, transportation, and living expenses incurred by, our Company personnel.~~

~~5.2 Operations Manual. The Operations Manual we lend to you will contain mandatory and suggested specifications, standards, and operating procedures that we prescribe from time to time for your Franchise, as well as information relative to other obligations you have in the operation of the Franchise. The Operations Manual may be composed of or include audio recordings, video recordings, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Manual available to you through various means, including the Internet. A previously delivered Operations Manual may be superseded from time to time with replacement materials to reflect changes in the specifications, standards, operating procedures and other obligations in operating the Franchise, you must keep your copy of the Operations Manual current. If you and we have a dispute over the contents of the Operations Manual, then our master copy of the Operations Manual will control. You agree that you will not at any time copy any part of the Operations Manual, permit it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Franchise, or remove it from the Franchise location without our permission.~~

~~5.3 Modifications to System. We will continually be reviewing and analyzing developments in the healthcare, and chiropractic industries, as well as developments in fields related to small business management, and based upon our evaluation of this information, may make changes in the System, including but not limited to, adding new components to services offered and equipment used by Location Franchises. Moreover, changes in laws regulating the services offered by Location Franchises may (a) require us to restructure our franchise program, (b) require your General Manager (if any) and employees to obtain additional licenses or certifications, (c) require you to retain or establish relationships with additional professionals and specialists in the chiropractic and/or healthcare industries, and/or (d) require you to modify your ownership or organizational structure. You agree, at our request, to modify the operation of the Franchise to comply with all such changes, and to be solely responsible for all related costs.~~

~~5.4 Advisory Councils. You agree to participate in, and, if required, become a member of any advisory councils or similar organizations we form or organize for Location Franchises. We may, in our sole discretion, change or dissolve any advisory councils or similar organization we have formed or organized.~~

~~6. FEES AND COSTS.~~

~~6.1 Initial Franchise Fee. **You agree to pay us the initial franchise fee of Thirty Nine Thousand and Nine Hundred Dollars (\$39,900.00) (the "Initial Franchise Fee") when you sign this Agreement.** In recognition of the expenses we incur in furnishing assistance and services to you, you agree that we will have fully earned the Initial Franchise Fee, and that is due and non-refundable when you sign this Agreement.~~

~~6.2 Royalty Fee. **You agree to pay us a continuing franchise royalty fee ("Royalty Fee") in the amount of seven percent (7%) of the gross revenues of the Franchise for all periods, with a minimum monthly amount**~~

~~of Seven Hundred and No/100 Dollars (\$700.00). This fee will be payable on the 1st and 16th of each month based on the Franchise's gross revenues. If the 1st or 16th of the month fall on a weekend or holiday, then the fee is payable on the next business day. If, at the end of any calendar month, the total Royalty Fee collected for the preceding month is less than \$700.00, the difference between the amount collected and \$700.00 shall be due on the tenth (10th) day of the following month. You are obligated to pay us the minimum Royalty Fee of \$700.00 due under this Section, thirty (30) days after you open your Franchise for business, or thirty (30) days after your Opening Deadline, whichever occurs first. If you open your Franchise for business prior to the Opening Deadline you are obligated to pay us the minimum Royalty Fee on the first day of the month following the partial month in which you opened your Franchise for business. If you fail to open your Franchise for business by the Opening Deadline, you will be obligated to pay us the minimum Royalty Fee thirty (30) days after your Opening Deadline. The terms "gross revenues" shall, for purposes of this Agreement, mean the total of all revenue and receipts derived from the operation of the Franchise, including all amounts received at or away from the site of the Franchise, or through the business the Franchise conducts (such as fees for chiropractic care, fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the Franchise actually makes. For the avoidance of doubt, you specifically acknowledge that "gross revenues" is the total of all revenue and receipts derived from the operation of the Franchise, before any reductions related to the total amount of any chargebacks, collections, credit card or payment disputes, or other customer debts, and also includes the gross revenues of any P.C. or any of P.C.'s clinics that are managed by you pursuant to a Management Agreement, even if those revenues are not recognized on your books, and that you are responsible for determining those revenues and paying the Royalty Fee as if those revenues were recognized on your books. You and we acknowledge and agree that the Royalty Fee represents compensation paid by you to us for the guidance and assistance we provide and for the use of our Marks, Confidential Information (as defined herein), know-how, and other intellectual property we allow you to use under the terms of this Agreement. The Royalty Fee does not represent payment for the referral of customers to you, and you acknowledge and agree that the services we offer to you and our other The Joint® franchisees do not include the referral of customers.~~

~~6.3 Regional and National Advertising Fee. Recognizing the value of advertising to the goodwill and public image of Location Franchises, we may, in our sole discretion, establish, maintain and administer one or more regional and/or national advertising funds (the "Ad Fund(s)") for such advertising, as we may deem necessary or appropriate in our sole discretion. However, we may choose to use only one Ad Fund to meet the needs of regional, multi-regional, and national advertising and promotional programs. You agree to contribute to the Ad Fund a percentage of gross revenues of the Franchise in an amount we designate, up to a maximum of three percent (3%) of the gross revenues of the Franchise. As of the date of this Agreement, the current required contribution to the Ad Fund is two percent (2%) of the gross revenues of the Franchise. These advertising fees ("Advertising Fees") will be payable with and at the same time as your Royalty Fees payable under Section 6.2 above. A further description of the Ad Fund and your obligations with respect to advertising and promoting the Franchise is found in Section 11 of this Agreement.~~

~~6.4 Local Advertising.~~

~~(a) By Franchisee. In addition to the Advertising Fees set forth in Section 6.3, which will be used by us to promote The Joint® on a regional and national level, you agree to spend a certain amount on advertising in your local market area. This amount must equal the greater of (a) Three Thousand and No/100 Dollars (\$3,000.00) or (b) five percent (5%) of the Franchise's gross revenues for each month during the term of this Agreement (the "Minimum Local Advertising Requirement"). We may require you to use one or more required suppliers or vendors for your local advertising. All proposed local advertising must be submitted to and approved by us before you enter into any advertising agreements. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising. We may require, at our absolute and sole discretion, that you submit an annual marketing plan with details on planned expenditures of local advertising dollars.~~

~~(b) Local and Regional Advertising Cooperative. In the event that more than one Location Franchise is~~

located in a Designated Market Area (“DMA”), we reserve the right to form, or require you and the other The Joint® franchisees in the DMA to form, a local or regional advertising cooperative (the “Ad Co-op”). A DMA is a geographic area around a county in which the radio and television stations based in that county account for a greater proportion of the listening/viewing public than those based in the neighboring cities. We may require you to join any Ad Co-op and contribute to its funding. The amount you pay to your Ad Co-op is determined by the Co-op members. Amounts contributed to any Ad Co-op may be applied towards your Minimum Local Advertising Requirement set forth in Sections 6.4(a) and 11.2.

~~6.5 Grand Opening Costs. During the one hundred and twenty days (120) day period that begins sixty (60) days prior to the opening of your Franchise, and ends sixty (60) days after the opening of your Franchise (the “Grand Opening Period”), you will be required to expend at least Fourteen Thousand and No/100 Dollars (\$14,000.00), excluding your Minimum Local Advertising Requirement and any pre-opening marketing expenses, in verifiable marketing costs to publicize the grand opening of your Franchise. These costs may include, but are not limited to, temporary signage, local advertising, flyers, promotions, digital advertising, giveaways and other promotions. You must submit for approval a plan for spending your Grand Opening advertising dollars, in advance of the Grand Opening Period. Upon conclusion of the Grand Opening Period, you must send to us a report detailing the amounts spent to publicize the grand opening of your franchise during the Grand Opening Period. All proposed grand opening advertising must be submitted to and approved by us. At our request, you must provide us with any documentation we request showing that you have met the required spend for your Grand Opening.~~

~~6.6 Software and Programing Fees. You are responsible for all costs associated with the purchase and installation of our proprietary software (“The Joint® Software”). For each month during the term of this Agreement, the on-going license fee for The Joint Software is Five Hundred and Ninety Nine and No/100 Dollars (\$599.00), which will be debited from the Account on the fifth (5th) day of each month for the current month. We reserve the right to increase the license fee for The Joint® Software to Seven Hundred and Ninety Nine and No/100 Dollars (\$799.00) a month. We will give you thirty (30) days prior written notice prior to increasing the cost of The Joint® Software fee, after which time, the new amount will be automatically debited from your account.~~

You are responsible for the cost to purchase and maintain any other software licenses or programs that we may require you to use in connection with your franchise.

~~6.7 Relocation Fee. If you must relocate the Premises of your Location Franchise for any reason, you must pay to us a Franchise Relocation Fee (the “Relocation Fee”) of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00). The Relocation Fee will help the Company defray the costs of approving a new location, reviewing and approving plans for the new location, and updating Company records and marketing materials to reflect the new location.~~

~~6.8 Late Payments. All Royalty Fees, Advertising Fees, amounts due from you for purchases from us or our affiliates, and other amounts which you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of eighteen percent (18%) per annum. Payments due us or our affiliates will not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account. You acknowledge that the inclusion of this Section in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Franchise. We have the right to require that any payments due us or our affiliates be made by certified or cashier’s check in the event that any payment by check is not honored by the bank upon which the check is drawn. We also reserve the right to charge you a fee of Thirty-Five and No/100 Dollars (\$35.00) for any payment by check that is not honored by the bank upon which it is drawn or the maximum as permitted by law.~~

~~6.9 Electronic Funds Transfer. We have the right to require you to participate in an electronic funds transfer program under which Royalty Fees, Advertising Fees, and any other amounts payable or owed to us or our affiliates, including any administrative fees, are deducted or paid electronically from your bank account (the “Account”). In~~

the event you are required to authorize us to initiate debit entries, you agree to deliver to us an EFT Authorization Agreement Form allowing us to automatically debit the Account, and to make the funds available in the Account for withdrawal by electronic transfer no later than the payment due date. Our current form of EFT Authorization Agreement Form is attached to this Agreement as Exhibit 6. The amount actually transferred from the Account to pay Royalty Fees and Advertising Fees will be based on the Franchise's gross revenues as reported in the Franchise's practice management software. ~~If you have not properly input the Franchise's gross revenues for any reporting period, then we will be authorized to debit the Account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee, Advertising Fee, and other amounts transferred from the Account for the last reporting period for which a report of the Franchise's gross revenues was provided to us. If at any time we determine that you have under-reported the Franchise's gross revenues or underpaid any Royalty Fee or Advertising Fee due us under this Agreement, then we will be authorized to initiate immediately a debit to the Account in the appropriate amount, plus applicable interest, in accordance with the foregoing procedure.~~ Any overpayment will be credited, without interest, against the Royalty Fee, Advertising Fee, and other amounts we otherwise would debit from your account during the following reporting period. Our use of electronic funds transfers as a method of collecting Royalty Fees and Advertising Fees due us does not constitute a waiver of any of your obligations to provide us with weekly reports as provided in Section 12, nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement.

~~6.10 Application of Payments. When we receive a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Royalty Fees, Advertising Fees, purchases, interest, or for any other reason, regardless of how you may designate a particular payment should be applied.~~

~~6.11 Modification of Payments. If, by operation of law or otherwise, any fees contemplated by this Agreement cannot be based upon gross revenues, then you and we agree to negotiate in good faith an alternative fee arrangement. If you and we are unable to reach an agreement on an alternative fee arrangement, then the Company reserves the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.~~

~~7. MARKS.~~

~~7.1 Ownership and Goodwill of Marks. You acknowledge that your right to use the Marks is derived solely from this Agreement, and is limited to your operation of the Franchise pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the term of the Franchise. You understand and acknowledge that our right to regulate the use of the Marks includes, without limitation, any use of the Marks in any form of electronic media, such as Websites (as defined herein) or web pages, or as a domain name or electronic media identifier. If you make any unauthorized use of the Marks, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure exclusively to our benefit and the benefit of our affiliates, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate the Franchise in compliance with this Agreement). All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, or logos we may authorize and/or license you to use during the term of this Agreement.~~

~~7.2 Limitations on Franchisee's Use of Marks. You agree to use the Marks as the sole trade identification of the Franchise, except that you will display at the Franchise location a notice, in the form we prescribe, stating that you are the independent owner of the Franchise pursuant to a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement), or in any modified form. You also shall not use any Mark or any commercial symbol similar to the Marks in connection with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Franchise and in connection with advertising and marketing materials, and to use, along with the Marks, any notices of trade and service mark~~

registrations we specify. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

~~7.3 Notification of Infringements and Claims. You agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.~~

~~7.4 Discontinuance of Use of Marks. If it becomes advisable at any time in our sole judgment for the Franchise to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or service marks, including the Marks used as the name of the Franchise, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.~~

~~7.5 Indemnification of Franchisee. We agree to indemnify you against, and reimburse you for, all damages for which you are held liable in any trademark infringement proceeding arising out of your use of any Mark pursuant to and in compliance with this Agreement, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim, and have otherwise complied with this Agreement. We have the right, but not the obligation to control the defense of any such claim, and you agree that you may not settle, compromise, discharge or admit any liability with respect to such claim without our prior written consent.~~

~~8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.~~

~~8.1 Independent Contractor; No Fiduciary Relationship.~~

~~This Agreement does not create a fiduciary relationship between you and us. You and we are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner, or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Franchise personnel, and others as the owner of the Franchise pursuant to a Franchise Agreement with us, and to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.~~

~~8.2 No Liability, No Warranties. We have not authorized or empowered you to use the Marks except as provided by this Agreement, and you agree not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent that your and our relationship is other than that of franchisor and Franchisee.~~

~~8.3 Indemnification. We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to you or any person or property directly or indirectly arising out of, or related to, the Franchise Agreement, the Franchised Business or operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act (or such acts or omissions by your employees or agents). We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Agreement (except for our own income taxes). We will not assume any liability or be deemed liable for any agreements you enter with any third parties, whether or not they are an approved or required vendor. You agree to indemnify, defend, and hold us, our affiliates and our and their respective owners, directors, officers,~~

~~employees, agents, successors, and assigns (individually, an “Indemnified Party,” and collectively, the “Indemnified Parties”), harmless against, and to reimburse such Indemnified Parties for, your breach of this Agreement, any noncompliance or alleged noncompliance with any ordinance, law or rule or regulations concerning or related to this Agreement or the Franchised Business, and all such obligations, damages, and taxes for which any Indemnified Party may be held liable, and for all costs the Indemnified Party reasonably may incur in the defense of any such claim brought against the Indemnified Party, or in any such action in which the Indemnified Party may be named as a party, including without limitation actual and consequential damages; reasonable attorneys’, accountants’, and/or expert witness fees; cost of investigation and proof of facts; court costs; other litigation expenses; and travel and living expenses. Each Indemnified Party has the right to defend any such claim against the Indemnified Party. You further agree to hold us harmless and indemnify and defend us for all costs, expenses, and/or losses we incur in enforcing the provisions of this Agreement, defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement, including without limitation reasonable attorneys’ fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all of the terms of this Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.~~

~~9. CONFIDENTIAL INFORMATION; NON-COMPETITION.~~

~~9.1 Types of Confidential Information. We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by us, including but not limited to: (1) services and products offered and sold at Location Franchises; (2) knowledge of sales and profit performance of any one or more Location Franchises; (3) knowledge of sources of products sold at Location Franchises, advertising and promotional programs, and image and decor; (4) the Joint Software; (5) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of Location Franchises; (6) customer lists, records, membership agreements and/or contracts; (7) the selection and methods of training employees; and (8) certain proprietary and confidential information that relates to our status as a publicly traded company in accordance with state and federal laws. We will disclose much of the above described information to you in advising you about site selection, providing our Initial Training, the Operations Manual, the Joint Software, and providing guidance and assistance to you under this Agreement.~~

~~If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a The Joint® Franchise (an “Improvement”), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. Such Improvements shall be deemed “Confidential Information”. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney in fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this section are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.~~

~~9.2 Non-Disclosure Agreement. You agree that your relationship with us does not vest in you any interest in the Confidential Information, other than the right to use it in the development and operation of the Franchise, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information belongs to us, may contain trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you (1) will not use the Confidential Information in any other business or capacity, ; including without limitation, communicating any of the Confidential Information to any trade, stock or research~~

groups, companies or organizations; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to your employees, and the use of non-disclosure and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.

~~9.3 Non-Competition Agreement.~~ You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure, and would be unable to encourage a free exchange of ideas and information among Location Franchises, if The Joint® franchisees were permitted to hold interests in any competitive businesses (as described below). Therefore, during the term of this Agreement, neither you, nor any Owner, nor any member of your immediate family or of the immediate family of any Owner, shall perform services for, or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in, any business that offers products or services the same as or similar to those offered or sold at Location Franchises. For chiropractic services, this is specific to a non-chain, non-franchised, independent chiropractic clinic where service fees are based on a non-insurance/membership model. The ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this Section. Upon expiration or termination of this Agreement for any reason, you agree not to engage in a competitive business for a period of two (2) years after the termination or expiration and within twenty-five (25) miles of your Franchise Premises or any other Location Franchise.

~~1. THE JOINT CORP. FRANCHISE OPERATING STANDARDS.~~

~~10.1 Condition and Appearance of the Franchise.~~ You agree that:

~~(a) neither the Franchise nor the Premises will be used for any purpose other than the operation of the Franchise in compliance with this Agreement;~~

~~(b) you will maintain the condition and appearance of the Franchise; its equipment, furniture, furnishings, and signs; and the Premises in accordance with our standards and consistent with the image of a Location Franchise as an efficiently operated business offering high quality services, and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and in that connection will take, without limitation, the following actions during the term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; and (3) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs;~~

~~(c) you will not make any material alterations to the Premises or the appearance of the Franchise, as originally developed, without our advance written approval. If you do so, we have the right, at our option and at your expense, to rectify alterations we have not previously approved;~~

~~(d) you will promptly replace or add new equipment when we reasonably specify in order to meet changing standards or new methods of service;~~

~~(e) you will expend at least Twenty Thousand and No/100 Dollars (\$20,000.00) every four (4) years in remodeling, expansion, redecorating and/or refurbishing of the Premises and the Franchise, if deemed necessary by us (any changes to the decoration or furnishing of the Premises must be approved by us);~~

~~(f) on notice from us, you will engage in remodeling, expansion, redecorating and/or refurbishing of the Premises and the Franchise to reflect changes in the operations of Location Franchises that we prescribe and require of new The Joint® franchisees, provided that (1) no material changes will be required unless there are at least two (2) years remaining on the Initial Term of the Franchise (any changes to the decoration or furnishing of the Premises must be approved by us); and (2) we have required the proposed change in at least twenty-five percent (25%) of all similarly situated Company and affiliate-owned Location Franchises, and have undertaken a plan to make the proposed change in the balance of such Company and affiliate-owned Location Franchises (any expenditures incurred~~

pursuant to this Section 10.1(f) shall apply to the requirement in Section 10.1(e));

~~(g) you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve; and~~

~~(h) if at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the premises of the Franchise or its fixtures, equipment, furniture, or signs do not meet our standards, then we shall have the right to notify you specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within ten (10) days after receipt of our notice, and then continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we shall have the right, in addition to all other remedies available to us at law or under this Agreement, to enter the Premises or the Franchise and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand.~~

~~10.2 Franchise Services and Products. You agree that (a) the Franchise will offer for sale all services and products that we from time to time specify for Location Franchises, (b) the Franchise will offer and sell approved services and products only in the manner we have prescribed; (c) you will not offer for sale or sell at the Franchise, the Premises, or any other location any services or products we have not approved; (d) all products will be offered at retail prices, and you will not offer or sell any products at wholesale prices; (e) you will not use the Premises for any purpose other than the operation of the Franchise; and (f) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. **In the event that you use, sell or distribute unauthorized products or services or fail to report the sale of any unauthorized products or services, we may, in addition to any other rights we may have, you will be responsible to pay us an administrative fee of one hundred and No/100 dollars (\$100) per day, any royalty due to us, and any amounts we incur due to or as a result of your sale of unapproved services or products if you do not cure such default within ten (10) days of receipt of notice from us of your violation. You understand and agree that we may debit such amounts directly from your bank account via EFT. However, we reserve the right to terminate your Location Franchise and this Agreement if you use, sell, distribute or give away unauthorized services or products on three or more occasions within any consecutive (12) month period, after being provided written notice to cease such activities.** You agree to maintain an inventory of approved products sufficient in quantity and variety to realize the full potential of the Franchise. We may, from time to time, conduct market research and testing to determine consumer trends and the saleability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and products in the Franchise, and providing us with timely reports and other relevant information regarding such market research. In connection with any such test marketing, you agree to offer a reasonable quantity of the products or services being tested, and effectively promote and make a reasonable effort to sell them.~~

~~10.3 Approved Products, Distributors and Suppliers. We have developed or may develop various unique products or services that may be prepared according to our formulations. We have approved, and will continue to periodically approve, specifications for suppliers and distributors (which may include us and/or our affiliates) for products or services required to be purchased by, or offered and sold at, Location franchises, that meet our standards and requirements, including without limitation standards and requirements relating to product quality, prices, consistency, reliability, and customer relations. You understand and acknowledge we will not be liable to you or anyone else for any damages or claims arising out of or resulting from the acts or omissions of any supplier and distributor of products or services, whether or not such supplier or distributor is an approved or required supplier or distributor of products or services. You agree that the Franchise will: (1) purchase any required products or services in such quantities as we designate; (2) utilize such formats, formulae, and packaging for products or services as we prescribe; and (3) purchase all designated products and services only from distributors and other suppliers we have approved. In the event we designate a required supplier or distributor during the term of this Agreement, or any subsequent franchise agreement, you must begin to use such required supplier or distributor with thirty (30) days of the date we notify you that you must use such supplier or distributor, unless we designate a longer period for you to switch or convert over to such supplier or distributor. Your failure or refusal to do so shall constitute a breach of this Agreement.~~

~~We may approve a single distributor or other supplier (collectively "supplier") for any product, and may approve a~~

supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Location Franchises or The Joint® outlets operated by us or our affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria, and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

We and/or our affiliates may be an approved supplier of certain products or services to be purchased by you for use and/or sale by the Franchise. We and our affiliates reserve the right to charge any licensed manufacturer engaged by us or our affiliates a royalty to manufacture products for us or our affiliates, or to receive commissions or rebates from vendors that supply goods or services to you. We or our affiliates may also derive income from our sale of products or services to you, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale.

~~10.4 Hours of Operation.~~ You agree to keep the Franchise open for business at such times and during such hours as we may prescribe from time to time.

~~10.5 Specifications, Standards and Procedures.~~ You agree to comply with all mandatory specifications, standards, and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of the Franchise. Any mandatory specifications, standards, and operating procedures that we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to "this Agreement" include all such mandatory specifications, standards, and operating procedures.

~~10.6 Compliance with Laws and Good Business Practices.~~ You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchise. You also agree to operate the Franchise in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, OSHA, Medicare, HIPAA, state data privacy and recordkeeping regulations and guidance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes. You agree that at all time during the term of this Agreement, that you will maintain sufficient working capital to fulfill your obligations under this Agreement. You agree to execute any and all documents, including documents with us, our agents, affiliates, etc., or others, that we may require from time to time, to ensure compliance with any applicable laws, whether such laws are applicable now or in the future.

All advertising you employ must be completely factual, in good taste (in our judgment), and conform to the highest standards of ethical advertising and all legal requirements. You acknowledge that chiropractic is a regulated profession and that certain marketing requirements need to be engaged in a manner that conforms to state and/or local regulation or code. You shall be required to inform yourself of those requirements and strictly comply with their protocols. You agree that in all dealings with us and any of our affiliates, other franchisees, your customers, your suppliers, and public officials, you will adhere to all manner of code, regulation and law and the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice that may be legally non-compliant or harmful to the business of the Company, the Franchise, and/or the goodwill associated with the Marks and other Location Franchises.

You must notify us in writing within 5 days of any of the following: (1) the commencement of any action, investigation, suit, or proceeding, and/or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit of the Franchise or any Owner, that may adversely affect the Franchise's

operations, financial condition, or reputation; or the reputation of the Company and/or the goodwill associated with the Marks; (2) your receipt or knowledge any notice of violation of any law, ordinance, or regulation relating to any health, safety, medical, healthcare, or chiropractic rules or laws, as well as any inquires that may lead to a notice of violation of any such rules or laws; (3) any activity or action, involving your Franchise, the Franchisee, or any Owner, which may the operations of the Franchise, the reputation of the Franchise or the Company, or the goodwill associated with the Marks; or (4) whether you or any of your Owners are indicted for, convicted of, or plead no contest to a felony, or are indicted for, convicted or plead no contest to any crime or offense, which may adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks.

You agree that Company shall have the right to conduct periodic background and/or credit checks on you or any of your Owners. You agree to cooperate by providing any necessary information or authorizations necessary to conduct such background or credit checks. You understand and acknowledge that the purpose of such background and credit checks is verify compliance with your duty to report adverse legal or financial changes that may adversely affect the operation of the Franchise, the reputation of the Franchise or the Company, and/or the goodwill associated with the Marks or the validity of the Agreement.

You agree that any third party you retain (or you as applicable), to engage in or assist you in the payment and/or processing of credit card transactions during the operation of your Franchise, shall comply with the Payment Card Industry Data Security Standards ("PCI DSS") and any amendments or restatements of the PCI DSS during the term of your Franchise Agreement. You further agree, subject to availability by providers of Internet access at your Franchise business, to use a high speed, private, password-protected and encoded Internet network for Internet access at your Franchise business and to manage and maintain this network in accordance with the recommendations of the specific local service provider.

~~10.7 Management and Personnel of the Franchise.~~ Unless we approve your employment of a General Manager to operate the Franchise as provided in Section 4.1, you must actively participate in the actual, on-site, day-to-day operation of the Franchise, and devote as much of your time as is reasonably necessary for the efficient operation of the Franchise. If you are other than an individual, then at least one (1) Owner, director, officer, or other employee of you whom we approve must comply with this requirement. If we agree that you may employ a General Manager, then the General Manager must fulfill this requirement. Any General Manager shall each obtain all licenses and certifications required by law before assuming his or her responsibilities at the Franchise. You will ensure that your employees and independent contractors of the Franchise have any licenses as may be required by law, and hold or are pursuing any licenses, certifications, and/or degrees required by law or by us in the Operations Manual, as updated from time to time. You will be exclusively responsible for the terms of your employees' and independent contractors' employment and compensation, and for the proper training of your employees and independent contractors in the operation of the Franchise. You must establish any training programs for your employees and/or independent contractors that we may prescribe in writing from time to time. In order to protect and maintain the goodwill of the Marks and the system, you must require all employees and independent contractors to maintain a neat and clean appearance, and conform to the standards of dress that we specify in the Operations Manual, as updated from time to time. Each of your employees and independent contractors must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information, proprietary information, and trade secrets as described in Section 9.1, and to abide by the covenants not to compete described in Section 9.3. You must forward to us a copy of each such signed agreement. In order to protect and maintain the goodwill of the Marks and the system, all of your employees and independent contractors must render prompt, efficient and courteous service to all customers of the Franchise.

Notwithstanding the foregoing, you understand that we will not have any duty or obligation to operate your Franchised Business, to direct or supervise your employees, or to oversee your employment policies or practices, and that you shall be solely responsible for such activities, as well as all other day-to-day activities and operations relating to your Franchised Business.

~~10.8 Insurance and Credentialing.~~ Before you open the Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance written on an occurrence basis issued by carriers with an A.M. Best rating of A-VIII or better approved by us, and in such amounts as we may determine from time to time:

~~(1) comprehensive public, professional, product, sexual harassment, medical malpractice and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise Business pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Operations Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Franchise and its contents, and any other assets of the Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than \$1,000,000/\$3,000,000 or such other amounts that we may establish in the Operations Manual. You must purchase such insurance coverage(s) only from our approved or designated supplier(s). (7) Medical Malpractice occurrence based coverage with limits of not less than \$1,000,000/\$3,000,000 obtained from our required and approved vendors as established in the Operations Manual. We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.~~

~~Each insurance policy must name us (and, if we so request, our members, directors, employees, agents, and affiliates) as additional insureds, and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy. Deductibles must be in reasonable amounts, and are subject to review and written approval by us. You must provide us with copies of policies evidencing the existence of such insurance concurrently with execution of this Agreement and prior to each subsequent renewal date of each insurance policy, along with certificates evidencing such insurance. You are responsible for any and all claims, losses or damages, including to third persons, originating from, in connection with, or caused by your failure to name us as an additional insured on each insurance policy. You agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage arising out of your failure to name us as additional insured, which indemnity shall survive the termination or expiration and non-renewal of this Agreement.~~

~~Prior to the expiration of the term of each insurance policy, you must furnish us with a copy of a renewal or replacement insurance policy and appropriate certificates of insurance. If you at any time fail or refuse to maintain any insurance coverage required by us, or to furnish satisfactory evidence thereof, or to name us as an additional insured under any such policies, then we, at our option and in addition to our other rights and remedies under this Agreement, may, but need not, obtain such insurance coverage on your behalf. **You shall immediately reimburse us on demand for any costs or premiums paid or incurred by us, and pay an administrative fee of Five Hundred and No/100 Dollars (\$500) plus any others fees, including attorneys' fees, which we may incur. If you fail to pay us within ten (10) days of our demand for reimbursement, we reserve the right to debit your account the amounts owed to us for any premiums paid on your behalf for such insurance coverage along with any other administrative fees, costs, surcharges expenses and fees we incur to obtain such coverage on your behalf or on behalf of your franchise.** We reserve the right to require you to provide us with an application for insurance (in a form acceptable to our required supplier for insurance) for any medical professional that has been offered a position to work in a Franchise location so that we may, if you fail to do so, procure any necessary insurance coverage for such medical professional. **Nothing in this Section 10.8 or elsewhere in this Agreement shall negate or otherwise effect our right to terminate this Agreement for failure to meet all applicable insurance requirements pertaining to your Franchise.**~~

~~Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Agreement. In addition to the requirements of the foregoing paragraphs of this Section 10.8, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or~~

~~purchase of the Premises.~~

~~Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under Section 7 of this Agreement.~~

~~Before any chiropractor is employed by you and is authorized to practice in your Franchised Business, and during any Term of this Agreement, you must credential the applicable chiropractors in accordance with the policy established in the Operations Manual. In the event you provide management services to a professional chiropractic corporation, you must, during any Term of this Agreement, include in your applicable management agreement that credentialing is one of the management services that you will provide to the professional corporation for all chiropractors and that you will pay such credentialing fees. The Company may prohibit your chiropractors from accessing the Computer System (or other related Franchise systems) prior to the full and timely completion of such credentialing requirements.~~

~~10.9 Credit Cards and Other Methods of Payment. You must at all times have arrangements in existence with Visa, Master Card, American Express, Discover and any other credit and debit card issuers or sponsors, check verification services, and electronic fund transfer systems that we designate from time to time, in order that the Franchise may accept customers' credit and debit cards, checks, and other methods of payment. We may require you to obtain such services through us or our affiliates.~~

~~10.10 — Pricing. To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that the Franchise location offers, including without limitation, prices for promotions in which all or certain Location Franchises participate. If we establish such prices for any services or products, you agree not to exceed or reduce that price, but will charge the price for the service or product that we establish. You hereby agree to apply any pricing matrix or schedule established by us. If you wish to offer an alternate pricing matrix, you must obtain our prior written approval, which approval we may withhold in our sole and absolute discretion. In states where you must enter a Management Agreement (Section 2.3), this provision shall be modified, to the extent legally permissible, and/or legally construed to conform to the laws of the state where your Franchise location will be located.~~

~~10.11 — HIPAA Compliance. You agree to use our approved vendor(s) of web-based HIPAA compliance for tools and resources to ensure HIPAA compliance. You agree to pay the then-current fee for such services, which is currently \$47 per month.~~

~~11. — ADVERTISING.~~

~~11.1 By Company. As stated in Section 6.3, due to the value of advertising and the importance of promoting the public image of Location Franchises (both franchisee and Company-owned outlets), we will establish, maintain, and administer one or more Ad Funds to support and pay for national, regional, and/or local marketing programs that we deem necessary, desirable, or appropriate to promote the goodwill and image of all Location Franchises. You will contribute to the Ad Fund the Advertising Fee set forth in Section 6.3. We agree that any The Joint® outlets owned by us or our affiliates will contribute to the Ad Fund on at least the same basis as you do.~~

~~We will be entitled to direct all advertising programs financed by the Ad Fund, with sole discretion over the creative concepts, materials, endorsements and distributions used in them, and the geographic, market, and media placement and allocation of the programs. We will have the sole discretion to use the Ad Fund to pay the costs of preparing and producing video, audio, and written advertising materials; administering regional, multi-regional and/or national advertising programs; including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, contests and sweepstakes, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows and providing advertising and marketing materials to Location Franchises. We may in our discretion use the Ad Fund to engage in advertising and promotional programs that benefit only one or several regionals, and not necessarily all Location Franchises. The Ad Fund will furnish you with approved advertising materials at its direct cost of producing those advertising materials. The amounts you contribute~~

to the Ad Fund will not be used for collective media placement of advertising in television, radio, newspaper or other media for the benefit of franchisees in a local or regional market. Rather, any collective media placement for the benefit of franchisees in a local or regional market will be conducted through the local and regional advertising cooperatives described in Section 11.3.

The Ad Fund will be accounted for separately from other funds of the Company, and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs, and overhead we may incur in activities related to the administration of the Ad Fund and its advertising programs (including without limitation conducting market research, preparing advertising, public relations, social media content and marketing communications and materials, and collecting and accounting for contributions to the Ad Fund). We may spend in any fiscal year an amount greater or less than the total contributions to the Ad Fund in that year. We may cause the Ad Fund to borrow from us or other lenders to cover deficits of the Ad Fund, or to invest any surplus for future use by the Ad Fund. You authorize us to collect for remission to the Ad Fund any advertising monies or credits offered by any supplier to you based upon purchases you make. We will prepare an annual statement of monies collected and costs incurred by the Ad Fund and will make it available to you on written request.

You understand and acknowledge that the Ad Fund will be intended to maximize recognition of the Marks and patronage of Location Franchises (both franchisee-owned and Company-owned outlets) that are using the Marks. Although we will endeavor to use the Ad Fund to develop advertising and marketing materials, and to place advertising in a manner that will benefit Location Franchises that are using the Marks, we undertake no obligation to ensure that expenditures by the Ad Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Ad Fund by Location Franchises operating in that geographic area, or that any Location Franchise will benefit directly or in proportion to its contribution to the Ad Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Ad Fund.

We will have the right to terminate the Ad Fund by giving you thirty (30) days' advance written notice. All unspent monies on date of termination will be divided between the Company and the contributing franchisees in proportion to our and their respective contributions. At any time thereafter, we will have the right to reinstate the Ad Fund under the same terms and conditions as described in this Section (including the rights to terminate and reinstate the Ad Fund) by giving you thirty (30) days' advance written notice of reinstatement.

~~11.2 By Franchisee. You must spend, in addition to any contributions to the Ad Fund, a minimum of the greater of (a) Three Thousand and No/100 Dollars (\$3,000.00); or (b) five percent (5%) of the Franchise's gross revenues for each month during the term of this Agreement, as outlined in Section 6.4, for local advertising, promotion and marketing.~~ We may require you to use one or more required suppliers or vendors for your local advertising. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures, by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising. We may require, at our sole discretion, that you submit an annual marketing plan with details on planned expenditures of local advertising dollars.

You agree to list and advertise the Franchise within your market area, in those business classifications as we prescribe from time to time, using any standard form of advertisement we may provide.

On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. If you do not receive our written disapproval within fifteen (15) days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved. You will be solely responsible and liable to ensure that all advertising, marketing, and promotional materials and activities you prepare comply with applicable federal, state, and local law, and the conditions of any agreements or orders to which you may be subject.

~~11.3 Local and Regional Advertising (Ad) Cooperatives. You are required to join and participate in any Ad Co-ops (as defined in Section 6.4) covering your Location Franchise. One function of the Co-op is to establish a~~

local or regional advertising fund, of which the funds must be used for local or regional advertising purposes, and for the mutual benefit of each Co-op member. All Ad Co-ops must operate according to their bylaws. We have the right to establish an Ad Co-op and specify the manner in which any Ad Co-ops are organized and governed, and may require any and all Ad Co-ops to be legal entities of the state where they are located. You must contribute to the Ad Co-op according to the Ad Co-op's rules and regulations, and bylaws, as determined by the Co-op members. Amounts contributed to any Ad Co-op may be applied towards your Minimum Local Advertising Requirement set forth in Sections 6.4(a) and 11.2

~~11.4 Websites and Other Forms of Advertising Media. You acknowledge and agree that any Website or Other Forms of Advertising Media (as defined below) will be deemed "advertising" under this Agreement, and will be subject to, among other things, the need to obtain our prior written approval in accordance with Sections 7.2 and 11.2. As used in this Agreement, the term or reference to "Website or Other Forms of Advertising Media" means any interactive system, including but not limited to all types of online communications, virtual applications, social media, or the like, including but not limited to Groupon, Living Social, Facebook, Instagram, Twitter, Tik Tok, etc., that you operate or use, or authorize others to operate or use, and that refer to the Franchise, the Marks, us, and/or the System. The term or reference Website or Other Forms of Advertising Media includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website or Other Forms of Advertising Media, you agree to the following:~~

~~(a) Before establishing any Website or Other Form of Advertising Media, you will submit to us a sample of such Website or Other Form of Advertising Media format and information in the form and manner we may require.~~

~~(b) You will not establish or use any Website or Other Forms of Advertising Media without our prior written approval.~~

~~(c) In addition to any other applicable requirements, you must comply with our standards and specifications for Website or Other Forms of Advertising Media as we prescribe in the Operations Manual or otherwise in writing, including any specifications relating to the use of organic and paid search engine optimization, keyword and landing page management. If we require, you will establish a website as part of our corporate website and/or establish electronic links to our corporate website.~~

~~(d) If you propose any material revision to Website or Other Forms of Advertising Media or any of the information contained therein, you will submit each such revision to us for our prior written approval.~~

~~12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS. You agree to maintain, at your own expense, the Joint Software and other accounting software, to act as a bookkeeping, accounting, and record keeping system for the Franchise. The Joint® Software includes the capability of being polled by our central computer system, which you agree to permit. **With respect to the operation and financial condition of the Franchise, we will pull from The Joint Software (if available), or require you to provide from your accounting software (in a form we designate) or in accordance with General Acceptably Accounting Principles ("GAAP"), as the case may be, the following:** (1) by Tuesday of each week, an electronic report of the Franchise's gross revenues for the preceding week ending on, and including, Sunday, and any other data, information, and supporting records that we may require; (2) by the thirtieth (30th) day of each month, a profit and loss statement for the preceding calendar month, and a year-to-date profit and loss statement and balance sheet; (3) within ninety (90) days after the end of your fiscal year, a fiscal year-end balance sheet, and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; and (4) such other reports as we require from time to time (collectively, all of the above are referred to as "Reports"). You agree to input all Franchise transactions into the Joint Software and your accounting software in a timely manner to ensure that all Reports are accurate. You agree to maintain and furnish upon our request complete copies of federal and state income tax returns you file with the Internal Revenue Service and state tax departments, reflecting revenues and income of the Franchise or the corporation, partnership, or limited liability company that holds the Franchise. You agree to retain hard copies of all records for a minimum of four (4) years.~~

~~13. INSPECTIONS AND AUDITS.~~

~~13.1 Company's Right to Inspect the Franchise. To determine whether you and the Franchise are complying~~

with this Agreement and the specifications, standards, and operating procedures we prescribe for the operation of the Franchise, we or our agents have the right, at any reasonable time and without advance notice to you, to: (1) inspect the Premises; (2) observe the operations of the Franchise for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the Franchise; (4) interview customers of the Franchise; and (5) inspect and copy any books, records and documents relating to the operation of the Franchise. You agree to fully cooperate with us in connection with any of those inspections, observations and interviews. You agree to present to your customers any evaluation forms we periodically prescribe, and agree to participate in, and/or request that your customers participate in, any surveys performed by or on our behalf. Based on the results of any such inspections and audits and your other reports, we may provide to you such guidance and assistance in operating your Franchise as we deem appropriate.

~~13.2 Company's Right to Audit. We have the right at any time during business hours, and without advance notice to you, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchise, and the books and records of any corporation, limited liability company, or partnership that holds the Franchise. You agree to fully cooperate with our representatives and any independent accountants we may hire to conduct any inspection or audit. **If the inspection or audit is necessary because of your failure to furnish any reports, supporting records, other information or financial statements as required by this Agreement, or to furnish such reports, records, information, or financial statements on a timely basis, or if an understatement of gross revenues for any period is determined by an audit or inspection to be greater than two percent (2%), then you agree to pay us all monies owed, plus interest of one and one-half percent (1.5%) per month, and reimburse us for the cost of such inspection or audit, including without limitation any attorneys' fees and/or accountants' fees we may incur, and the travel expenses, room and board, and applicable per diem charges for our employees or contractors.** The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.~~

~~14. — TRANSFER REQUIREMENTS.~~

~~14.1 — Transfer by Us. We may sell, assign, transfer, convey, give away, pledge, hypothecate, mortgage or otherwise encumber ("transfer") all or any part of our rights, interests or obligations in this Agreement to any person or entity, who expressly assumes our obligations under this Agreement. After our transfer of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer have any performance or other obligations under this Agreement.~~

~~14.2 Transfer by Franchisee.~~

~~(a) — Your rights and obligations under this Agreement are personal to you, and we have granted the Location Franchise in reliance on your and/or your principal owners' skills, financial capacity, personal character, and reputation for honesty, integrity and fair dealing. Accordingly, you and your successors, assigns, shareholders, partners and members, may not transfer any interest in you, in this Agreement or any related agreement, in the Location Franchise (or if unopened, in the Franchise), without our prior written consent. Any purported transfer not having our prior written consent will be void. You may not transfer or sell an unopened license unless we permit the transfer or sale in writing, and in accordance with the terms of your franchise agreement.~~

~~(b) — We will not unreasonably withhold our consent to a transfer of any interest in you, this Agreement, any related agreement, or the Location Franchise, but if a transfer, alone or together with other previous, simultaneous or proposed transfers, has the effect of transferring either a controlling interest in or operating control of you, this Agreement, any related agreement, or the Location Franchise, we may, in our sole discretion, require as conditions to our consent that, except in the event of a Permitted Transfer (defined below) these do not apply:~~

~~(i) — You are in substantial compliance with the terms of this Agreement; provided, however, that we may without our consent if you have received any email or letter from us notifying you of a breach of this Agreement, the Operations Manual or any other agreement with us (or similar reporting email or letter communications) and have failed to timely or satisfactorily cure the applicable breach in accordance with our instructions;~~

~~(ii) — The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has demonstrated to our satisfaction that it meets the then-current standards which we would normally apply to any prospective franchisee; including, but not limited to, meeting our educational, personal, managerial and Location Franchise standards; possesses a good moral character and a good business reputation; has the aptitude and ability to operate the Location Franchise (as may be shown by prior related experience); has adequate financial resources and capital to operate the Location Franchise; is financially responsible and has a good credit rating; will be likely in our sole and absolute judgment to comply with the terms of the then-current standard franchise agreement and Operations Manual; and has no direct or indirect connection with any actual or potential competitor of us or any of our franchisees;~~

~~(iii) — Your debts to us and others relating to the Location Franchise have been satisfied;~~

~~(iv) — You and the transferor have signed a general release, in a form we prescribe or that is satisfactory to us, of any claims against us and our partners, shareholders, officers, directors, employees and agents, in their corporate and individual capacities;~~

~~(v) — The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has entered into a written consent to transfer agreement, in a form satisfactory to us;~~

~~(vi) — The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) executes our then-current standard franchise agreement for a term equal to the remaining portion of the term on the transferor's franchise agreement and signs all related agreements (including any guaranty agreements). The then-current franchise agreement may contain terms substantially different from those in this Agreement, including different fees (all then-current fees, except as stated herein must be paid by transferee), advertising contributions, training requirements and territory. Transferee will not pay the Grand Opening fee. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard territory, we may require the transferee to accept a transfer territory smaller than the Territory.~~

~~(vii) — The transferee and its general manager, if any, have agreed to successfully complete (at the transferee's expense and to our satisfaction) any then-current initial training programs;~~

~~(viii) — You or the transferor has paid us a transfer fee equal to \$15,000. You must reimburse us for reasonable expenses incurred by us in investigating and processing any proposed new transferee where the transfer is not consummated for any reason, including but not limited to any attorneys' fees we incur (not to exceed \$5,000) plus costs and expenses. If you are in default of this Agreement, or any other agreement with us, in addition to the transfer fee, we may require you to pay any amounts we deem necessary, in our sole discretion, to cure the default, provided that the default is curable;~~

~~(ix) — We have decided not to exercise our right of first refusal, if any, under Section 14.4;~~

~~(x) — You have updated your equipment and Premises to our then-current specifications in the Operations Manual;~~

~~(xi) — We have determined that the material terms of the transfer, including the price and terms of payment, will not be so burdensome as to adversely affect the operation of the Location Franchise by the transferee; and~~

~~(xii) — If any part of the sale price of any transferred interest is to be financed, the transferor will have agreed that all obligations of the transferee under any promissory notes, agreements or security interests reserved by the transferor in the assets of the Location Franchise will be subordinate to the obligations of the transferee to pay marketing and consulting fees, advertising contributions, and other amounts due to us and our affiliates, and to comply with the franchise agreement signed by the transferee.~~

~~(c) — No transfer in the nature of a grant of a security interest in you, this Agreement, any related agreement, the Location Franchise or the Premises will be permitted without our prior written consent, which we may grant or withhold in our sole discretion. If we consent to a transfer in the nature of a grant of a security interest,~~

and if the holder of the security interest later seeks to exercise your right or assume the interest of you in the Location Franchise, this Agreement, any related agreement, you or the Premises due to a default under any documents related to the security interest, we will have the option to purchase the rights of the secured party by paying all sums then due to the secured party, and the secured party will sign an agreement to that effect before any transfer takes place.

(d) — A “Permitted Transfer,” under Section 14.2 is defined as either (i) a transfer of an ownership interest in you or your entity of less than five percent (5%), or (ii) a transfer of any ownership interest in you or your entity to a spouse, child, sibling, or parent, or a trust or similar entity created for the benefit of any of the foregoing persons; provided that neither (i) nor (ii) may result in the creation of a controlling ownership stake in the transferee, whether through one or an aggregated series of such transfers. You must provide us written notice of any Permitted Transfer in you or your entity. Any individual who becomes an owner in you due to a Permitted Transfer must (if they have not already) sign a personal guaranty agreement (“Guaranty”) in the form found in Exhibit 2 to this Agreement. You and any owners who previously signed a Guaranty will not be released from a signed Guaranty upon a Permitted Transfer, unless otherwise agreed to by us in writing. You and we will amend Exhibit 4 of this Agreement if a Permitted Transfer occurs. You must pay an administrative fee of \$2,500 for any Permitted Transfer.

14.3 — Transfer to Franchisee’s Legal Entity. If a proposed transfer is to a legal entity you control, our consent to the transfer may, in our sole discretion, be conditioned on the following requirements:

(a) — The legal entity’s activities will be confined exclusively to operating the Location Franchise;

(b) — You will own a majority stock interest, partnership or membership interest in the legal entity, and will act as its principal operating officer, partner or member;

(c) — Each stock certificate or certificate of interest in the legal entity will have conspicuously endorsed on its face a statement in a form satisfactory to us that it is held subject to, and that further transfer is subject to, all restrictions on transfers in this Agreement;

(d) — All shareholders, partners, or members will jointly and severally guarantee the legal entity’s performance and will bind themselves to the terms of this Agreement and any related agreements

(e) — You will maintain a then-current list of all partners, members or shareholders and beneficial owners of any class of stock, and furnish the list to us on request; and

(f) — Copies of the transferee’s Certificate and Articles of Incorporation, Certificate and Articles of Organization, Certificate and Agreement of Partnership, By-Laws, Operating Agreement and resolution authorizing entry into this Agreement and any other significant governing documents, promptly will be furnished to us.

14.4 — Our Right of First Refusal.

(a) — If you or any other person or entity at any time determines to sell an interest in you, the Franchise Agreement, the Location Franchise or the Premises, you agree to immediately submit to us a true and complete copy of the offer, which must include an executed and binding purchase agreement (and any proposed ancillary agreements), and a record of an earnest money deposit equal to five percent (5%) or more of the purchase price (further detailed below). The offer and executed purchase agreement must apply only to an interest in you, the Franchise Agreement, the Location Franchise or the Premises. It must not include the purchase of any of your other property or rights (or those of your shareholder, partner, or member), but if the offeror proposes to buy any other of your property or rights (or those of a shareholder, partner or member) under a separate, contemporaneous offer, the price and terms of purchase offered to you (or to your shareholder, partner or member) for the interest in you, the Franchise or the Premises will reflect the bona fide price offered and will not reflect any value for any other property or rights. To be a valid, bona fide offer, (i) the executed purchase agreement must include the complete purchase price, which must be in a dollar amount and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the purchase price, (ii) the offer must constitute the only bona fide offer and executed purchase agreement (or, constitutes the total number of offers in the event that you have submitted multiple bona fide offers to us), and (iii) the purchase agreement must include (1) all payment terms and timing (including any financing terms) and closing date, (2) any material terms such as costs in excess of \$5,000 to be borne by the

buyer or seller; contingent or non-contingent, (3) any employment agreements, promises or representations, and (4) any other material terms upon which a reasonable buyer would rely or deem material in assessing the proposed offer. In the event multiple franchise agreements are requested to be transferred, for purposes of this section, the franchise agreement with the most recent effective date shall govern. We will have the right, exercisable by written notice delivered to you, or the person or entity involved, within thirty (30) days after receipt of the copy of the offer, to purchase the interest for the price and on the terms in the offer, but we may substitute cash, a cash equivalent or marketable securities of equal value for any form of payment proposed in the offer. Our credit will be deemed equal to the credit of any proposed purchaser, and we will have not less than sixty (60) days to prepare for closing. We will have the right during such thirty (30) day period to request documentation related to the offer, including, without limitation, financial and legal information related to the purchase of the interest. The thirty (30) day period shall be extended in the event you fail to provide us with the requested documentation. In addition, upon prior written notice to you, you agree to grant your consent to our communicating with the landlord of the subject lease of the Premises in order to negotiate additional lease term or options. We will be entitled to purchase the interest through the use of our standard form of asset purchase agreement, subject to all customary representations and warranties given by the seller of the assets of a business or voting stock of an incorporated business, as applicable, including representations and warranties as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, of any corporation whose stock is purchased. Our purchase of interest may require financial accounting audits of the interest to ensure our compliance with state and federal financial reporting requirements. If we do not exercise our right of first refusal, you or the person or entity involved may complete the sale to the purchaser under the terms of the offer subject to our consent to the transfer under Section 14.2(b), but if the sale to the purchaser is not completed within one hundred twenty (120) days after receipt of the offer by us, or if there is a material change in the terms of the sale, you are obligated to notify us in writing of such material change within five (5) days, and we will have an additional right of first refusal of the revised bona fide offer for thirty (30) days on the same terms in this Section as were applicable to our initial right of first refusal. If we do not exercise our right of first refusal, we have the right, upon ten (10) day written notice to you, to demand copies of all executed agreements, instruments, checks, bank transfers or wire statements, and other documentation arising from or related to the bona fide offer and its closing and completion. Your failure to remit all bona fide offers and requested documentation in accordance with the requirements as set forth in this Section shall constitute a breach of Section 15(i) or (j) of this Agreement.

~~(b) If the transfer is a Franchise Agreement modification, we will not have any right of first refusal as provided in Section 14.4(a), unless the proposed transferee has a direct or indirect connection with any actual or potential competitor of us or any of our franchisees. However, written notification of this type of transfer must be provided to us by the transferor at least thirty (30) days before consummation of that transfer.~~

~~14.5 — Transfer On Death, Permanent Incapacity or Dissolution. On the death or permanent incapacity of any person with an interest in you, this Agreement, any related agreement, the Franchise or the Premises, or on your dissolution if you are a legal entity, the executor, administrator, personal representative or trustee (“personal representative”) of that person or entity will transfer his, her or its interest to a third party reasonably acceptable to us within one hundred eighty (180) days after assuming that capacity. Any transfer of this type, including a transfer by devise or inheritance, will be subject to the same requirements as other transfers under this Agreement, but if the transfer is to a spouse, child or parent, the fee required under Section 14.2(b) (viii) will not be required. If the personal representative has, in good faith, proposed a transferee and we, in good faith, do not approve the proposed transferee, the personal representative will be given additional time, not to exceed one hundred eighty (180) days, to propose another transferee for our approval. If the personal representative is unable to meet these conditions, the personal representative of that deceased person will have an additional sixty (60) days to dispose of the interest, which disposition will be subject to the requirements for transfers in this Agreement, including the requirements of this Section 14. If the interest is not disposed of within the additional sixty (60) days (or such additional time as we otherwise agree), we may terminate this Agreement.~~

~~14.6 — Interim Operation of Location Franchise on Death or Permanent Disability. Pending transfer on your death or permanent incapacity (or your principal operating officer, partner or member, if you are a legal entity), we will have the option to operate the Location Franchise on your behalf until an approved transferee is able to~~

~~assume the operation of the Location Franchise, for a period of up to twelve (12) months without the consent of you, your personal representative or your successor in interest. All funds from the operation of the Location Franchise during the period of operation by us will be kept in a separate fund, and all expenses we incur, including compensation, other costs and travel and living expenses (the "Management Expenses"), will be charged to the fund. As compensation for services provided, we will charge the fund the full amount of the Management Expenses incurred during the period of our operation. We will only have a duty to utilize reasonable efforts in operating the Location Franchise, and will not be liable to you or your principals for any debts, losses or obligations incurred by the Location Franchise, or to any creditor for any equipment, inventory, products, supplies or services purchased for the Location Franchise during any period in which it is operated by us.~~

~~14.7 Non-Waiver of Claims. Our consent to a transfer of any interest in you, this Agreement, any related agreement, the Franchise or the Premises will not be a waiver of any claims we may have against the transferring party, nor will it be a waiver of our right to demand the transferee's compliance with the terms of this Agreement.~~

~~14.8 Effect of Consent to Transfer. Our consent to a proposed Transfer pursuant to this Section 14 will not constitute a waiver of any claims we may have against you or any Owner, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.~~

~~14.9 Consent Not Unreasonably Delayed. If all the conditions are met to transfer the FA or any interest therein, we will not unreasonably delay granting our consent to the transfer.~~

~~15. TERMINATION OF THE FRANCHISE.~~

~~We have the right to terminate this Agreement effective immediately upon delivery of notice of termination to you, if:~~

~~(a) you fail to open your Franchise for business by the Opening Deadline, subject to the extension set forth in Section 3.1(c); or~~

~~(b) you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate, the Franchise, or your lease for or purchase of the location of the Franchise is terminated for any reason; or~~

~~(c) you or your Principal Owners assign or Transfer this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Section 14; or~~

~~(d) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debt generally as they become due; your consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your Location Franchise is attached, seized, subjected to a writ of distress, warrant, or levied upon, unless the attachment seizure, writ, warrant or levy is vacated within thirty (30) days, or any order appointing a receiver, trustee or liquidator of you or your Location Franchise is not vacated within thirty (30) days following the order and entry;~~

~~(e) you use, sell, distribute or give away any unauthorized services or products on three or more occasions within any consecutive (12) month period; or~~

~~(f) you or any of your employees or independent contractors fails to maintain any licenses or permits necessary for the treatment of patients or the operation of the Franchise and/or fails to comply with any state and federal regulations which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or~~

~~(g) you, any of your Principal Owners, or any of your employees or independent contractors, are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime, offense or regulatory violation, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or~~

~~(h) you or any of your employees or independent contractors are involved in any action or activity, including but not limited to dishonest, unethical, or illegal actions or activities, which is reasonably likely to adversely affect~~

the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or

~~(i) you (or any of your owners) have made or knowingly make a material false or incomplete statement, or false or incomplete representation, in any report, document, statement or agreement submitted to us;~~

~~(j) we discover that you (or any of your owners) knowingly made a material false or incomplete statement, or false or incomplete representation, to us to obtain the Franchise, or through the submission of any documentation required to be submitted to us or a third party as required by the terms of this Agreement;~~

~~(k) you (or any of your owners) participate in in-term competition contrary to Section 9.3;~~

~~(l) you fail to timely notify of any event, action or other action identified in Section 10.6, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or~~

~~(m) you or any of your employees or independent contractors violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety threat, hazard or danger to your customers or the public, which hazard, threat or danger you acknowledge is determined by our commercial business judgment; or~~

~~(n) you fail to maintain a valid license to practice and/or fail to comply with any with state and federal regulations, other than those covered by subsection (f), and do not cure the failure within twenty (20) days after written notice is given to you; or~~

~~(o) you do not pay when due any monies owed to us or our affiliates, and do not make payment within ten (10) days after written notice is given to you; or~~

~~(p) you fail to procure or maintain the required credentialing reporting and/or any and all insurance coverage that we require, or otherwise fail to name us as an additional insured on any required insurance policies and failure to do so within ten (10) days after written notice is given to you; or~~

~~(q) you or any of your Principal Owners receive three (3) or more written notices of default from us, within any period of twelve (12) consecutive months, concerning any material breach by you. Whether or not such breaches shall have been cured, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure; or~~

~~(r) you or any of your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, requirement, standard, or operating procedure, including those in our Operations Manual, and you fail to make the required changes or to comply with such provision, specification, requirement, standard or operating procedure, within thirty (30) days after written notice of your failure to comply is given to you.~~

In addition, if, in the opinion of our legal counsel, any provision of this Agreement is contrary to law, then you and we agree to negotiate in good faith an amendment that would make this Agreement conform to the applicable legal requirements. If you and we are unable to reach an agreement on the applicable legal requirements, or if fundamental changes to this Agreement are required to make it conform to the legal requirements, then we reserve the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

~~In the event that we terminate this Agreement under this Section or other applicable provisions of this Agreement, we shall be entitled, in those states in which termination fees are enforceable, to receive from you a termination fee in the amount equal to one-half (1/2) of our then-current initial franchise fee for new Location Franchises (the "Termination Fee"). The Termination Fee shall be payable by you in addition to any damages payable to us, including loss of future revenues, resulting from your improper or wrongful breach or other termination of this Agreement. We shall be entitled to recover all costs, including attorneys' fees, incurred in connection with the termination and collection of the Termination Fee.~~

16. RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISEE

UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.

~~16.1 Payment of Amounts Owed to Company. You agree to pay us within five (5) days after the effective date of termination or expiration of the Franchise, or any later date that the amounts due to us are determined, all amounts owed to us or our affiliates which are then unpaid.~~

~~16.2 Marks and Other Information. You agree that after the termination or expiration of the Franchise you will:~~

~~(a) not directly or indirectly at any time identify any business with which you are associated as a current or former Location Franchise or The Joint® franchisee;~~

~~(b) not use any Mark or any colorable imitation of any Mark in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;~~

~~(c) return to us all customer lists, records, membership agreements and/or contracts, forms and materials containing any Mark or otherwise relating to a Location Franchise or our network of Location Franchises;~~

~~(d) remove all Marks affixed to uniforms or, at our direction, cease to use those uniforms; and~~

~~(e) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.~~

~~16.3 De-Identification. Following termination, if you lawfully retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to fully disassociate the Premises with the image of a Location Franchise, including any signage bearing the Marks. If you do not take the actions we request within thirty (30) days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.~~

~~16.4 Confidential Information. You agree that on termination or expiration of the Franchise you will immediately cease to use any of the Confidential Information, and agree not to use it in any business or for any other purpose. You further agree to immediately return to us all copies of the Operations Manual and any written Confidential Information or other confidential materials that we have loaned or provided to you.~~

~~16.5 Joint Software. You agree that on termination or expiration of the Franchise, you will immediately cease to use the Joint Software and will uninstall it from all computer systems owned by the Franchise.~~

16.6 Company's Option to Purchase Franchise Assets and Assumption of Lease.

~~(a) Upon the expiration of the Franchise, we have the option, but not the obligation, exercisable for ten (10) days upon written notice to you, to purchase at fair market value, as same may be depreciated any or all of the furniture, inventory, or equipment used in or associated with the Franchise, as well as any and all supplies, materials, and other items imprinted with any of our Marks. If we cannot agree on a fair market value for the furniture or equipment or other items, within a reasonable time, we will designate an independent appraiser to determine the fair market items of these items. The appraiser's determination of value shall be binding upon the parties. For purposes of this Section 16.6(a), the fair market of any purchased items shall not include any value attributable to any of the following: 1) the Franchise or any rights granted under this Agreement or the Lease; 2) goodwill attributable to the Marks; or 3) our brand image and other intellectual property; and 3) any patient lists. In no event shall we be obligated or required to assume any liabilities, debts or obligations of the Franchise in connection with our purchase of any items pursuant to this Section 16.6(a), and you will indemnify us from any and all claims made against us arising out of the sale of these items.~~

~~(b) Upon the termination or expiration of the Franchise, we shall have the option, but not the obligation, exercisable for thirty (30) days upon written notice, to take an assignment of the lease for the Premises and any other lease agreement necessary for the operation of the Franchise.~~

~~(c) — In the event we elect, upon termination of the Franchise, to assume the lease pursuant to Section 16.6(b), unless otherwise required or prohibited by law, we shall have the right to retain possession of any and all furniture, fixtures, inventory, and equipment associated with the Franchise. If we are required by law to purchase from you any equipment, supplies, signs, advertising materials or items bearing our name or Marks, and/or any inventory associated with the Franchise, we will pay you the fair market value of these items (less the amount of any outstanding liens or encumbrances and less the amount of any liabilities we assume on your behalf, such as your future lease payments). If we cannot agree on a fair market value for the items to be purchased within a reasonable time, we will designate an independent appraiser to determine the fair market items of these items. The appraiser's determination of value shall be binding upon the parties. For purposes of this Section 16.6(c), the fair market of any purchased items shall not include any value attributable to any of the following: 1) the Franchise or any rights granted under this Agreement or the Lease; 2) goodwill attributable to the Marks; or 3) our brand image and other intellectual property.~~

~~16.7 Continuing Obligations. All obligations of this Agreement (whether yours or ours) that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.~~

~~16.8 Management of the Franchise. In the event that we are entitled to terminate this Agreement in accordance with Section 15 above, or any other provision of this Agreement, and in addition to any other rights or remedies available to us in the event of termination, we may, but need not, assume the management of the Franchise. In the event we assume the management of the Franchise, we may charge you (in addition to the Royalty Fee and Advertising Fee contributions due under this Agreement), all expenses we incur, including compensation, other costs and travel and living expenses, along with a reasonable management fee in an amount that we may specify, equal to up to ten percent (10%) of the Franchise's gross revenues during the period we are managing the Franchise, plus our direct out of pocket costs and expenses, as compensation for our management services. We have a duty to utilize only our reasonable efforts in managing the Franchise, and will not be liable to you for any debts, losses, or obligations the Franchise incurs, or to any of your creditors for any products or services the Franchise purchases, while we manage it pursuant to this Section.~~

~~17. ENFORCEMENT.~~

~~17.1 Invalid Provisions; Substitution of Valid Provisions. To the extent that the non-competition provisions of Sections 9.3 and 14.5 are deemed unenforceable because of their scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provisions will be deemed modified or limited to the extent or manner necessary to make that particular provisions valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that such provisions under the laws applied in the forum in that we are seeking to enforce such provisions.~~

~~If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard, or operating procedure we prescribed invalid or unenforceable, then the advance notice and/or other action required or revision of the specification, standard, or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provisions enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.~~

~~17.2 Unilateral Waiver of Obligations. Either you or we may, by written notice, unilaterally waive or reduce any obligation or restriction of the other under this Agreement. The waiver or reduction may be revoked at any time for any reason on ten (10) days' written notice.~~

~~17.3 Written Consents from Company. Whenever this Agreement requires our advance approval or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing.~~

~~Lien. To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we~~

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

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

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

15. BRAND PROTECTION COVENANTS.

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

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

- (i) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Clinic pursuant to this Agreement;
- (ii) maintain the confidentiality of all Confidential Information at all times;
- ~~(i)(iii)~~ refrain from making unauthorized copies of documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in and to these assets, containing Confidential Information;
- (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and
- (v) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner), except to the extent authorized by another Franchise Agreement in effect at such time.

15.3. Unfair Competition. You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located within the Restricted

Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

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

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

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

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

16. YOUR OTHER RESPONSIBILITIES

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

- (i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Clinic, which must include coverage for fire, theft, cash theft, vandalism and malicious mischief and have coverage limits of at least full replacement cost;
- (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Clinic, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$3,000,000 in the aggregate;
- (iii) medical malpractice insurance against claims for bodily and personal injury and death caused by or occurring in conjunction with the operation of your Clinic, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$3,000,000 in the aggregate;
- (iv) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or

motor vehicles, owned, leased or used by you or your officers, directors, employees, partners or agents in the operation of your Clinic, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$3,000,000 in the aggregate;

- (v) business interruption insurance providing coverage for 100% of all expenses and financial obligations for a minimum period of six (6) months, including fees owed to us, which shall be deemed to include average monthly royalty fees and brand fund fees imposed during the six (6) month period preceding the event triggering coverage under the insurance policy;
- (vi) umbrella insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$3,000,000 in the aggregate;
- (vii) worker's compensation insurance and employer's liability insurance as required by Law;
- (viii) any insurance required under your lease or by Law or as a condition to licensure; and
- (ix) any other insurance we specify in the Manual from time to time.

You must provide us with proof of coverage: (a) prior to the Opening Date; (b) within 10 days after the renewal of a policy and (c) at any other time on demand. You must obtain these policies from licensed insurance carriers rated A-VIII or better by A.M. Best. We must approve the insurance companies you use and we may require that you obtain medical malpractice insurance from an insurance company we designate. Each policy must be endorsed to: (a) name us and our members, officers, directors, and employees as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. Insurance policies must be written on an occurrence basis. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must: (a) promptly sign any application or other form required to obtain the policy; (b) procure and provide us with an application for insurance for any member of your Chiropractic Staff who is offered a position to work at your Clinic; and (c) reimburse us for all premiums and other costs we incur, together with any noncompliance fee we impose pursuant to §12.17.

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

16.3. Reports.

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

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

(c) Gross Sales Reports. No later than each royalty payment due date, you must prepare and send us a report of your Gross Sales generated during the immediately preceding reporting period. If you

miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Sales.

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

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

16.4. Financial Statements. No later than the 30th day of each month, you must prepare and send us: (a) a profit and loss statement and balance sheet for the preceding calendar month; and (b) a year-to-date profit and loss statement and balance sheet. Within 90 days after the end of your fiscal year, you must prepare and send us a fiscal year-end balance sheet and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by an independent certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

16.5. Legal Compliance.

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

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

(c) Regulatory Changes. We may periodically monitor and analyze developments in the healthcare and chiropractic industry. You acknowledge that Chiropractic Services, and businesses that offer Chiropractic Services, are heavily regulated by various Governmental Authorities and Healthcare Laws. Changes to these Laws and/or the requirements imposed by Governmental Authorities may require that: (i) we periodically modify the terms of the Franchise Agreement and Manual and/or restructure the franchise business model; (ii) your Owners, General Manager, and/or members of your Chiropractic Staff obtain additional licenses or certifications; (iii) you retain, or establish relationships with,

additional professionals or specialists in the chiropractic and/or healthcare industries; and/or (iv) you modify your ownership or organizational structure, including converting from a Franchised Clinic to a Managed Clinic. You hereby acknowledge and consent to all such changes and agree to fully cooperate and implement such changes at your expense. If our regulatory counsel advises us that our business model or fee structure is unlawful in your state and either (i) you and we fail to agree on changes to the business model or fee structure to make it lawful or (ii) the changes necessary to make the business model or fee structure lawful would require fundamental changes to the terms of this Agreement, then we may, but need not, terminate this Agreement pursuant to §21.3; provided, however, that any such termination would be deemed a “no fault” termination and we would not pursue liquidated damages or other damages resulting from such termination provided that you sign our prescribed form of Mutual Termination and Release Agreement.

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

- (i) your receipt or knowledge of any notice of violation issued by a Governmental Authority (or the commencement of any inquiry by a Governmental Authority that may lead to a notice of violation) that (1) relates to any health, safety or Healthcare Law and (2) involves your Clinic and/or any personnel associated with your Clinic;
- (ii) your receipt or knowledge of any other Claim (including the initiation of any investigation), or any order, demand or disciplinary action issued by a Governmental Authority, that is reasonably likely to adversely affect the operation of your Clinic, your reputation, our reputation, or the goodwill associated with the Marks;
- (iii) the occurrence (or your suspicion of the occurrence) of any other action, event or circumstance involving your Clinic and/or any personnel associated with your Clinic that is reasonably likely to adversely affect the operation of your Clinic, your reputation, our reputation, or the goodwill associated with the Marks, including, without limitation, any lawsuit or other Claim alleging malpractice brought against you and/or any chiropractor or other Clinic Staff member who works at your Clinic;
- (iv) you are, or any Owner or other Person associated with your Clinic is, indicted for, convicted of, or pleads guilty to a felony or any other crime or offense that is reasonably likely to adversely affect the operation of your Clinic, your reputation, our reputation, or the goodwill associated with the Marks.

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

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

and (b) upon request, sign any data processing or data privacy agreement required by us or by Law. You further agree to:

- (i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;
- (ii) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit or come in contact with;
- (iii) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information;
- (iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and
- (v) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

17. INSPECTION AND AUDIT

17.1. Inspections. For Intentionally Omitted.

~~17.5 No Waiver. If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice that is at variance with the terms of this Agreement, then we will NOT be deemed to have waived our right to demand or exact compliance with any of the terms of this Agreement at a later time. Similarly, any failure to act as to any particular breach or series of breaches under this Agreement by us, or of any similar term in any other agreement between us and any other The Joint® franchisee will not affect our rights with respect to any later breach or to assert our rights as to that or any subsequent or ongoing breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments that are past due to us under this Agreement.~~

~~The parties to this Agreement will not be considered to be in default of any obligations hereunder, other than the obligation of a party to make payment of amounts due to the other party, if the failure of performance is due to a force majeure, including drought, flood, earthquake, storm, fire, lightening, epidemic, war, riot, civil disturbance, sabotage, theft, vandalism, strike or labor difficulty, or casualty to equipment. If any party is affected by a force majeure event, such party will give written notice within fourteen (14) days to the other party stating the nature of the event, its anticipated duration and any action being taken to avoid or minimize its effect. The suspension of performance will be of no greater scope and no longer duration than is required, and the non-performing party will use its best efforts to remedy its inability to perform. The obligation to pay any amount in a timely manner is absolute and will not be subject to these force majeure provisions, except to the extent prohibited by governmental rule or regulation.~~

~~17.6 Cumulative Remedies. The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either you or us from exercising any other right or remedy provided under this Agreement, or permitted by law or equity.~~

~~17.7 Specific Performance; Injunctive Relief. Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Agreement relating to your use of the Marks and non-disclosure and non-competition obligations under this Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the Marks or Location Franchises or outlets operating under or using the Marks; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such~~

provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

17.8 MEDIATION AND LITIGATION.

~~(a) — MEDIATION. DURING THE TERM OF THIS AGREEMENT CERTAIN DISPUTES MAY ARISE THAT YOU AND WE ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, YOU AND WE AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN US OR ANY OF OUR AFFILIATES (AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND YOU (AND YOUR OWNERS, AGENTS, OFFICERS, DIRECTORS, REPRESENTATIVES AND/OR EMPLOYEES) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, (b) OUR RELATIONSHIP WITH YOU, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, TO MEDIATION BEFORE EITHER OF US MAY BRING ANY SUCH CLAIM, CONTROVERSY OR DISPUTE IN COURT.~~

~~(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR THAT YOU AND WE MUTUALLY SELECT FROM THE THEN CURRENT PANEL APPROVED BY THE AMERICAN ARBITRATION ASSOCIATION (“AAA”) FOR PHOENIX, ARIZONA OR AS WE AND YOU OTHERWISE AGREE. IN THE EVENT WE ARE UNABLE TO REACH AGREEMENT ON A MEDIATOR WITHIN FIFTEEN (15) DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, YOU AND WE AGREE THAT THE MEDIATOR MAY BE SELECTED BY THE AAA BASED ON SELECTION CRITERIA THAT YOU OR WE SUPPLY TO THE AAA. THE COSTS AND EXPENSES OF THE MEDIATION, INCLUDING THE MEDIATOR’S COMPENSATION AND EXPENSES (BUT EXCLUDING ATTORNEYS’ FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.~~

~~(2) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION 17.9(a), YOUR AND OUR AGREEMENT TO MEDIATE SHALL NOT APPLY TO ANY CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE MARKS OR THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF YOUR AND OUR AGREEMENT TO MEDIATE, YOU AND WE EACH HAVE THE RIGHT TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF IF WARRANTED BY THE CIRCUMSTANCES OF THE DISPUTE.~~

~~(b) — JURISDICTION AND FORUM SELECTION. WITH RESPECT TO ANY CONTROVERSIES, DISPUTES OR CLAIMS THAT ARE NOT FULLY RESOLVED THROUGH MEDIATION AS PROVIDED IN SECTION 17.9(a) ABOVE, THE PARTIES IRREVOCABLY AGREE TO SUBMIT THEMSELVES TO THE JURISDICTION OF THE SUPERIOR COURT OF MARICOPA COUNTY, ARIZONA OR THE U.S. DISTRICT COURT FOR THE DISTRICT OF ARIZONA AND HEREBY WAIVE ANY AND ALL OBJECTIONS TO PERSONAL OR SUBJECT MATTER JURISDICTION IN THESE COURTS. YOU AND WE FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COURTS OF MARICOPA COUNTY, ARIZONA.~~

~~17.9 Waiver of Punitive Damages and Jury Trial; Limitations of Actions. Except with respect to your obligations to indemnify us and claims that we may bring under Sections 7, 9, 15, or 16 of this Agreement, and except for claims arising from your non-payment or underpayment of any amounts owed to us or our affiliates, (1) any and all claims arising out of or related to this Agreement or the relationship between you and us shall be barred, by express agreement of the parties, unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues; and (2) you and we hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between you and us, each party will be limited to the recovery of any actual~~

~~damages sustained by it. You and we irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.~~

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

- (i) evaluating the physical condition of your Clinic for cleanliness, sanitation and state of repair;
- (ii) examining and copying your books, records, accounts and tax returns;
- (iii) inspecting patient documentation and records;
- (iv) inspecting and testing your equipment;
- (v) removing samples of inventory items for testing purposes;
- (vi) monitoring and speaking with your staff; and
- (vii) contacting your landlord and patients.

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

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

18. INTELLECTUAL PROPERTY

18.1. Ownership and Use. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Clinic during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property, ~~Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and the Franchise will be governed by the internal laws of the State of Arizona (without reference to its choice of law and conflict of law rules), except that the provisions of any Arizona law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Section. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be mediated hereunder or as to which mediation is waived) in any state or federal court of general jurisdiction in Maricopa County, Arizona, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.~~

~~17.11 — Binding Effect. This Agreement is binding on and will inure to the benefit of our successors and assigns and, subject to the Transfers provisions contained in this Agreement, will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors, and administrators.~~

~~17.12 — No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity that is not a party to this Agreement, and no other party shall have any rights because of this Agreement.~~

~~17.13 — Construction. All headings of the various Sections of this Agreement are for convenience only, and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. The term “affiliate” as used in this Agreement is applicable to any company directly or indirectly owned or controlled by you or your Owners, or any company directly or indirectly owned or controlled by us that sells products or otherwise transacts business with you.~~

~~17.14 — Joint and Several Liability. If two (2) or more persons are the Franchisee under this Agreement, their obligation and liability to us shall be joint and several.~~

~~17.15 — Multiple Originals. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto. This Agreement, once executed by a party, may be delivered to the other parties hereto by facsimile transmission or other electronic means of a copy of this Agreement bearing the signature of the party so delivering this Agreement.~~

~~17.16 — Timing Is Important, Time is of the essence of this Agreement. “Time is of the essence” is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.~~

~~17.17 — Independent Provisions. The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.~~

~~17.19 — Cross-Default. Any default by Franchisee under any other agreement between Franchisor or its affiliates as one party, and Franchisee or any of Franchisee's owners or affiliates as the other party, shall be deemed to be a default of this Agreement, and Franchisor shall have the right, at its option, to terminate this Agreement and/or any other agreement between the Franchisee and the Franchisor or its affiliates, without affording Franchisee an opportunity to cure, effective immediately upon notice to Franchisee.~~

~~17.20 — Conflicts with Applicable Laws and Regulations. The Parties acknowledge that if there is a conflict between the terms and conditions of this Agreement, our Operations Manual, or any other specifications, standards, or operating procedure we require in connection with the operation of your franchise, and any applicable federal or state laws or regulations which you, or any licensed professionals working for or with the Franchise must observe or follow, including those relating to the practice of chiropractic, such laws or regulations shall control.~~

~~18. NOTICES AND PAYMENTS.~~

~~All written notices, reports and payments permitted or required under this Agreement or by the Operations Manual will be deemed delivered: (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy, facsimile or other electronic system; (c) one (1) business day after being placed in the hands of a reputable commercial courier service for next business day delivery; or (d) three (3) business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and addressed to the party to be notified or paid at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice, payment or report which we do not actually receive during regular business~~

hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

~~19. INDEPENDENT PROFESSIONAL JUDGMENT OF YOU AND YOUR GENERAL MANAGER.~~

~~You and we acknowledge and agree that the specifications, standards and operating procedures related to the services offered by the Franchise are not intended to limit or replace your or your General Manager's (if any) professional judgment in supervising and performing the services offered by your Franchise. The specifications, standards, and operating procedures represent only the minimum standards, and you and your General Manager (if any) are solely responsible for ensuring that the Franchise performs services in accordance with all applicable requirements and standards of care. Nothing in this Agreement shall obligate you or your General Manager (if any) to perform any act that is contrary to your or your General Manager's (if any) professional judgment; provided, however, that you must notify us immediately upon your determination that any specification, standard or operating procedure is contrary to your or your General Manager's (if any) professional judgment.~~

~~20. ENTIRE AGREEMENT.~~

~~This Agreement, together with the introduction and exhibits to it, constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.~~

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

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

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

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

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

Intellectual Property.

19. INDEMNITY.

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

- (i) the marketing, use or operation of your Clinic;
- (ii) the rendering of Chiropractic Services or patient care at your Clinic;
- (iii) the breach of a Definitive Agreement committed by you or your Owners or affiliates;
- (iv) the breach of an agreement with a third party committed by you or your Owners or affiliates;
- (v) your failure to name us as an additional insured on any required insurance policy;
- (vi) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;
- (vii) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding the System, a Clinic or an Indemnified Party;
- (viii) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (ix) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

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

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

20. TRANSFERS

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

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

- (i) the proposed transferee submits a complete Franchise Application in the form we designate;
- (ii) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate the Clinic and meets our minimum criteria for franchisees;
- (iii) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (iv) the transferee's owners successfully complete, or make arrangements to attend, the initial training program (and the transferee pays us any applicable training fee);
- (v) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;
- (vi) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Clinic and we receive "clean" credentialing reports on all of the transferee's chiropractors;
- (vii) if the transferee is not eligible to own and operate a Franchised Clinic, the transferee complies with all steps referenced in §2.3 to own and operate a Managed Clinic;
- (viii) the transferee (a) agrees to discharge and guarantee your obligations under this Agreement and any other agreement relating to the Clinic (including supplier contracts, membership agreements, etc.) and (b) signs any agreement we require to confirm the foregoing;
- (ix) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement unless we agree to the contrary; (b) the transferee need not pay a separate initial franchise fee; and (c) we may modify the boundaries of the Territory in accordance with our then-current territory guidelines and criteria;
- (x) the transferee agrees to remodel the Clinic and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications within six (6) months after the Transfer or such shorter period of time we specify (transferee must also pay \$600 clinic design fee if we determine a new Clinic Design is required);
- (xi) you pay us a transfer fee in the amount of (a) \$2,500 for a Permitted Transfer, (b) \$5,000 for a Transfer of ownership to your Clinic's DC pursuant to our DC Path to Ownership Program or (c) \$15,000 for all other completed Transfers (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee);
- (xii) you and your Owners sign a General Release;
- (xiii) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);
- (xiv) we choose not to exercise our right of first refusal described in §20.6; and
- (xv) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we have against the transferor; or (b) our right to demand the transferee comply with all terms of the franchise agreement. If you propose a Transfer that is not completed for any reason, you must pay us a transfer fee equal to the lesser of \$5,000 or the actual costs we incur to evaluate the proposed Transfer and transferee.

20.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; pay us a \$2,500 transfer fee; and (c) upon our request, cause any Entity that was the Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

20.4. Grant of Security Interest. The grant of a security interest in this Agreement, the Clinic's assets (other than a purchase money security interest) or any Equity Interests in the Franchisee Entity constitutes a Transfer and requires our prior written consent, which we may grant or withhold in our sole discretion. As a condition to granting our consent, we may require that the creditor sign a written agreement, in a form we designate or approve, acknowledging that if at any time during the Term you breach any of your obligations owed to the creditor, prior to initiating any action to enforce its security interest, the creditor must: (a) send us a written notice that describes the nature of your breach and specifies the total amount of your remaining financial obligations owed to the creditor, including amounts currently due and amounts due in the future (the "Outstanding Debt"); and (b) provide us with the option, but not the obligation, to acquire and assume the creditor's rights under the security agreement and related agreements by paying the creditor an amount equal to the Outstanding Debt within 30 days after we receive the notice of breach from the creditor. If we decline to exercise this option, the creditor may proceed with enforcement of its security interest, subject to satisfaction of all conditions for Transfer set forth in §20.2.

20.5. Owner Death or Disability. Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be Transferred to another Owner or to a third party we approve. Any Transfer to a third party (other than a Permitted Transfer) will be subject to all terms and conditions of §20.2. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.6. Our Right of First Refusal.

(a) Submission of Offer. Before you or an Owner may engage in a Transfer, you or the Owner, as applicable, must send us a true and complete copy of the offer and comply with the right of first refusal procedures set forth in this Section. The offer must be a bona-fide offer submitted by the prospective buyer after completion of due diligence. The offer must include a fully executed purchase agreement and evidence of the prospective buyer's payment of an earnest money deposit equal to at least 5% of the purchase price. The scope of the offer must be limited to the purchase of the Clinic, the Clinic's assets or the Equity Interests in the Franchisee Entity. If a buyer's proposal includes the purchase of any other property or rights owned or held by you, an Owner or any other Person, then: (i) the buyer must submit a separate but contemporaneous offer for such other property or rights; and (ii) the purchase price reflected in the purchase agreement submitted to us must reflect (and be limited to) the bona fide price offered for the Clinic, the Clinic's assets or the Equity Interests in the Franchisee Entity, and exclude the value of any other property or rights owned or held by you, the Owner or such other Person that are the subject of the separate but contemporaneous offer. The purchase agreement must include: (i) the complete purchase price, expressed as a dollar amount; (ii) all payment and financing terms (including amounts owed and the associated due dates); (iii) all other material costs or financial obligations in excess of \$5,000 to be borne by the buyer or seller, whether contingent or absolute; (iv) a closing date; (v) any employment-related agreements, promises or representations; and (vi) all other terms and conditions of the proposed sale that a reasonable prospective purchaser would consider material in assessing the offer (collectively, the "Offer Terms").

(b) Right of First Refusal. We have 30 days after receipt of the offer (the “Evaluation Period”) to decide whether to purchase the interest upon the Offer Terms, except we may substitute cash, a cash equivalent or marketable securities of equal value for any form of payment proposed in the offer. Our right of first refusal does not apply to Permitted Transfers.

(c) Due Diligence. We may conduct any due diligence we deem appropriate during the Evaluation Period. You must fully cooperate and promptly provide us with all documents and information we reasonably request. If you fail to do so, we may extend the 30-day Evaluation Period until such time that you have fully complied with all of our reasonable due diligence requests. Upon our request, you agree to provide us with your written consent to contact your landlord in order to: (i) discuss matters involving your lease; (ii) obtain the landlord’s consent to an assignment of the lease (if consent is required); and/or (iii) negotiate additional lease terms or options.

(d) Exercise of Right of First Refusal. If, before the expiration of the Evaluation Period, we notify you that we intend to exercise our right of first refusal and purchase the interest, you or the Owner, as applicable, must sell the interest to us. We have an additional 60 days to prepare for closing. You or the Owner, as applicable, must execute our then-current standard form of Purchase Agreement. We are entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (with regard to the assets being acquired) or the Owner (with regard to the ownership interest being acquired), including representations and warranties as to: (i) ownership, condition and title; (ii) liens and encumbrances; (iii) validity of contracts; and (iv) liabilities of any kind. Due to our status as a publicly traded company, our purchase of the interest may be subject to financial accounting audits to ensure we comply with federal and state financial reporting requirements.

(e) Waiver of Right of First Refusal and Grounds For Reinstatement. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the Offer Terms but subject to the requirements of §20.2, including our approval of the transferee. However, if there is any material change to the Offer Terms or the sale is not completed within 120 days after the date we receive a copy of the offer then: (i) our right of first refusal shall be reinstated with respect to the offer; (ii) we will have an addition 30-day Evaluation Period to decide whether to purchase the interest; and (iii) you and we will comply with the other terms set forth in this Section governing our right of first refusal.

(f) Multi-Clinic Offer. If (i) you or an Owner intend to engage in a Transfer that involves multiple Clinics and (ii) the right of first refusal provisions set forth in any of the Franchise Agreements executed in connection with such Clinics vary in any material respect, then the right of first refusal provisions set forth in the most recently executed Franchise Agreement shall govern.

21. TERMINATION

21.1. By You. You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §21.1, you must still comply with your post-term obligations described in §22 (other than payment of liquidated damages) and all other obligations that survive the termination of this Agreement.

21.2. By Us. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and “good cause” for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if you become insolvent by reason of your inability to pay your debts as they become due;
- (ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

- (iii) if your Clinic, or a substantial portion of the assets associated with your Clinic, are seized, taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;
- (iv) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;
- (v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within 30 days of the levy;
- (vi) if your Clinic does not open by the Required Opening Date and you fail to cure by causing the Opening Date to occur by the earlier of (a) 90 days after receipt of a default notice from us or (b) 180 days after the Required Opening Date (you must pay us Imputed Royalty Fees in accordance with §8.5(e) and we may terminate pursuant to §21.2(xiii) if you fail to do so);
- (vii) if you abandon or fail to operate your Clinic for three (3) consecutive business days, unless due to Force Majeure (in which case §25.6 governs) or another reason we approve;
- (viii) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to treat patients or operate the Clinic (you have 20 days to cure if the suspended or revoked license is not required to treat patients or operate the Clinic);
- (ix) if you, an Owner or a member of your Chiropractic Staff (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with a material Law applicable to your Clinic;
- (x) if you, an Owner or a member of your Chiropractic Staff commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;
- (xi) if you manage or operate your Clinic in a manner that presents a health or safety hazard to patients, employees or the public;
- (xii) if you or an Owner makes a material misrepresentation to us (including by providing false or incomplete statements or by omission of a material fact), including misrepresentations made before or after being granted franchise rights;
- (xiii) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment;
- (xiv) if you fail to procure and send us any required credentialing report or maintain any required insurance policy in accordance with our requirements, and fail to cure the breach within 10 days after receipt of a default notice from us;
- (xv) if you fail to timely notify us of any Reportable Event in accordance with §16.5(d);
- (xvi) if you make an unauthorized Transfer;
- (xvii) if you use the Intellectual Property in an unauthorized manner;
- (xviii) if you breach any brand protection covenants described in §15;
- (xix) if you or an Owner breaches any representations in §24.4 or §24.5;
- (xx) if an Owner or the spouse of an Owner breaches a Franchise Owner Agreement;
- (xxi) if the lease for your premises is terminated due to your default;

(xxii) if we send you three (3) or more valid default notices within any 12-month period regardless of whether you cure the defaults;

(xxiii) if we or our affiliate terminates a Definitive Agreement due to a default by you or your affiliate (other than an area development agreement); or

(xxiv) if you or an Owner breaches any other provision of this Agreement (including any mandatory provision in the Manual) and fails to cure the breach within 30 days after receipt of a default notice from us.

If we send you a default notice pursuant to §21.2 we may cease to perform our obligations under this Agreement until you cure the breach.

21.3. Termination on Advice of Counsel. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, without opportunity to cure, if our regulatory counsel advises us that the business model for your Clinic or our percentage-based fee structure is unlawful under the Laws of your state and either: (a) you and we fail to agree on changes to the business model or fee structure to make it lawful; or (b) the changes necessary to make the business model or fee structure lawful would require fundamental changes to this Agreement. Any termination pursuant to this §21.3 will be deemed a “no fault” termination and we will not impose liquidated damages in connection with any such termination provided that you sign our prescribed form of Mutual Termination and Release Agreement.

21.4. Mutual Agreement to Terminate. You and we may mutually agree in writing to terminate this Agreement, in which case you and we are deemed to have waived any required notice period.

22. POST-TERM OBLIGATIONS.

22.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease use of the Intellectual Property;
- (ii) pay us all amounts you owe including, if applicable, liquidated damages pursuant to §22.3;
- (iii) comply with all covenants in §15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) comply with our instructions to return or destroy all copies of the Manual and Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (v) ensure all patient information has been entered into the operating system and delete or shred any patient information that resides outside of the operating system;
- (vi) return all copies of the Office Management Software and delete such software from your computer memory and storage;
- (vii) delete all social media accounts pertaining to the Clinic;
- (viii) comply with our data retention policies pertaining to the Business Data;
- (ix) cancel all fictitious or assumed name registrations relating to your use of the Marks;
- (x) provide us with a list of your current, former and prospective patients together with all associated records, membership agreements and/or contracts, subject to applicable privacy Laws and other Healthcare Laws;
- (xi) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Clinic or our System, including, without limitation, repainting the exterior and interior with new colors and removing trade dress,

fixtures and décor items associated with a Clinic as well as exterior and interior signage (including wall décor items and window decals);

(xii) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your Clinic; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(xiii) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (iv), (xi) and (xii) above do not apply if you Transfer your Clinic to an approved transferee or we exercise our right to purchase your Clinic.

22.2. Right to Purchase Facility and Assets.

(a) Purchase Option. Upon termination or expiration of this Agreement, we have the option, but not the obligation, to purchase your Clinic and/or its assets (the “Purchase Option”). We also have the option to take an assignment of the lease for your Clinic at no additional charge.

(b) Purchase Notice. In order to exercise the Purchase Option, we will provide you with a written notice (the “Purchase Notice”) within 30 days after the termination or expiration of this Agreement that: (i) confirms we have elected to exercise the Purchase Option; (ii) identifies the specific assets we wish to purchase (the “Purchased Assets”); and (iii) confirms whether or not we have elected to take an assignment of the lease for your Clinic.

(c) Purchase Price. The purchase price shall be the fair market value of the Purchased Assets, determined as of the date of the Purchase Notice, less the amount of any outstanding liens or encumbrances, and less the amount of any liabilities we assume on your behalf, such as your future lease payments (the “Purchase Price”). For purposes of §22.2, fair market value shall exclude any value attributable to: (i) the franchise rights or any rights granted under this Agreement or the lease; (ii) the goodwill associated with the Marks; (iii) our brand image or other Intellectual Property; or (iv) any patient lists. The parties shall work together in good faith to agree upon the Purchase Price. If the parties are unable to agree upon the Purchase Price within 10 days from the date of the Purchase Notice, then the Purchase Price will be established through the appraisal process set forth in §22.2(d).

(d) Appraisal Process. The parties shall work together in good faith to identify a mutually agreeable independent third-party appraiser. If the parties cannot agree on a single appraiser within a 15-day period, then each party will appoint one (1) independent appraiser, and those appraisers will appoint a third (3rd) appraiser. You must promptly provide the appraiser(s) with all financial statements, work papers, documents and other information that the appraiser(s) reasonably request. The appraiser(s) may take into account any other information and factors the appraiser(s) deem relevant. Within 30 days of their appointment, the appraiser(s) shall issue a report setting forth the Purchase Price established by the appraiser(s) in accordance with §22.2(c). If the parties jointly appoint a single appraiser, the Purchase Price established by the single appraiser will be the final Purchase Price. If three (3) appraisers are appointed, the final Purchase Price shall be average of the two (2) Purchase Prices established by the appraisers that are closest to each other. Each party must pay 50% of the fees charged by the appraiser(s) when due.

(e) Closing. The closing for the transaction will take place 60 days after the Purchase Price is determined, or on such other date mutually agreed upon by the parties. The parties must execute our then-current standard form of Purchase Agreement. We will be entitled to receive from you all customary representations and warranties pertaining to the Purchased Assets, including representations

and warranties as to: (i) ownership, condition and title; (ii) liens and encumbrances; (iii) validity of contracts; and (iv) liabilities of any kind. We may deduct from the Purchase Price all amounts you (or your affiliates) owe us (or our affiliates) under this Agreement and/or any other Definitive Agreement including, if applicable, liquidated damages. Due to our status as a publicly traded company, our purchase of the interest may be subject to financial accounting audits to ensure we comply with federal and state financial reporting requirements.

(f) Management of Clinic. In accordance with §9.5, we have the right, but not the obligation, to appoint an Interim Manager to manage the Clinic during the period of time commencing with this Agreement's termination or expiration date and ending on (i) the closing date set forth in the Purchase Agreement (if we exercise the Purchase Option) or (ii) the date we notify you we will not exercise the Purchase Option.

22.3. Liquidated Damages. You must pay us liquidated damages if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement without cause or in any manner other than as permitted by §21.1 or §21.4. Liquidated damages shall be calculated as the product of Average Monthly Fees multiplied by the lesser of (a) 24 or (b) the total number of full months remaining under the Term as of the termination effective date. Average Monthly Fees is determined as the combined average monthly royalty fee and brand fund fee (without regard to any fee waivers or other reductions, and regardless of collection) imposed by this Agreement during the 12-month period preceding the termination date (or during the period of time you operated your Clinic if less than 12 months). Liquidated damages are due 30 days after we send you an invoice detailing our calculation of liquidated damages. Liquidated damages are in addition to and not in lieu of: (a) any fees or other amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; *provided, however*, that we may not pursue a claim against you for recovery of lost future profits if you pay us all liquidated damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense we will incur to recruit a new franchisee to acquire franchise rights to the Territory; (c) the time and expense we will incur to ensure your timely and orderly departure from our franchise network; (d) protecting the reputation and goodwill associated with our Marks; and (e) partially compensating us for our financial loss caused by your breach and the early termination of this Agreement. If this liquidated damages clause is determined to be unenforceable under applicable Law, then we will be limited to pursuing actual damages we incur as a result of your default or improper termination.

23. DISPUTE RESOLUTION.

23.1. Negotiation and Mediation. Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to litigation. The mediator shall be selected from the then-current panel approved by the American Arbitration Association (AAA) for Phoenix, Arizona, or as the parties otherwise agree. If the parties cannot agree on a mediator within 15 days after submission of the Dispute to mediation, then the mediator shall be selected by the AAA based on the criteria supplied by the parties. The costs of mediation (excluding attorneys' fees incurred by either party) shall be equally shared by the parties. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any legal proceeding for any purpose. The mediator may not be called as a witness in any legal proceeding for any purpose. Any Dispute involving claims alleging a breach of §15 and/or §18 (referred to as "Excluded Claims") shall not be subject to mediation unless otherwise agreed to by both parties.

23.2. Litigation. If either (a) a Dispute is not successfully resolved by mediation within 60 days after either party makes a demand for mediation or (b) the Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance with the choice of venue provision set forth below. The

parties hereby express their clear and unequivocal intent that a court, rather than a mediator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §15 and/or §18).

23.3. Venue. All mediation and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona). The parties irrevocably waive any objection to such venue and (with respect to litigation proceedings) submit to the jurisdiction of such courts.

23.4. Attorney's Fees and Costs. If either party must enforce this Agreement in a judicial proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings. This obligation applies to all breaches, including, without limitation, any failure to comply with any post-termination obligations set forth in §22.

23.5. Waivers. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR YOUR INDEMNIFICATION OBLIGATIONS, PAYMENT OF MONIES OWED OR A VIOLATION OF §15 OR §18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN TWO (2) YEARS FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; (b) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY A PARTY; AND (c) ANY RIGHT TO, OR CLAIM FOR, PUNITIVE OR EXEMPLARY DAMAGES (EACH PARTY WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES OR ANY STIPULATED DAMAGES SET FORTH IN THIS AGREEMENT).

24. REPRESENTATIONS.

24.1. Corporate Representations. You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is an Entity (or a Chiropractic PC if required by state Law) that is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement, perform each of its obligations hereunder, provide Chiropractic Services and employ Chiropractic Staff; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.

24.2. Franchise Compliance Representations. You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

24.3. General Representations. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

24.4. Anti-Terrorism Compliance. You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources

(including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24.5. Anti-Corruption Compliance. You and your Owners agree to conduct all Authorized Activities in compliance with: (a) the U.S. Foreign Corrupt Practices Act (which can be found at www.usdoj.gov/criminal/fraud/fcpa); (b) all other Anti-Corruption Laws applicable in the United States of America; (c) all international conventions that outlaw bribery and corrupt practices (including, for example, the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions); and (d) all policies we establish relating to anti-corruption. You must ensure all of your Owners, employees, consultants, contractors, subcontractors and other Persons under your supervision comply with the foregoing requirements. You and your Owners jointly and severally represent and warrant to us that:

- (a) You and the Owners have not, and shall not, in connection with the performance of any Authorized Activities, make, offer, give, or promise to make, offer, or give, directly or indirectly, any payment (in currency, property, or other thing of value): (i) to any Government Official or to an intermediary for payment to any Government Official; or (ii) to any political party if that payment or transfer would violate any applicable Law. It is the intent of the Parties that no payments or transfers of value be made that have the purpose or effect of public or commercial bribery, or acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business. This does not, however, prohibit normal and customary business entertainment or the giving of business mementos of nominal value in connection with the performance of the Authorized Activities, provided the entertainment or giving of the memento is otherwise legal under local Law and does not violate or exceed our or the recipient’s rules, policies or other ethical standards.
- (b) None of your Owners, officers, directors, executives, or employees, or any of their respective immediate family members, are Government Officials. You must immediately notify us in writing if any such individual becomes a Government Official.

If you or an Owner learn or have reason to know of: (a) any payment, offer, or agreement to make a payment to a Government Official or political party for the purpose of obtaining or retaining business or securing any improper advantage for you, any Owner or us in connection with this Agreement or any Authorized Activities, or (b) any other development during the Term that in any way makes your anti-corruption related representations or warranties false, inaccurate, incomplete or misleading, you will immediately notify us in writing of the knowledge or suspicion and the basis therefor. You and your Owners hereby acknowledge and agree to these representations and agree that at any time during the Term, upon our request, you will provide us with an executed certification in a form we reasonably prescribe confirming continued compliance with these representations and warranties. If we believe, in good faith, that you or any of your Owners have acted in any way that may subject us to liability under any Anti-Corruption Law or have otherwise failed to comply with the terms of this Section, we may terminate this Agreement immediately upon notice to you.

25. GENERAL PROVISIONS

25.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15

U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of the State of Arizona without reference to its principles of conflicts of law, but any Law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2. Relationship of the Parties. You and we are independent contractors. Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Clinic. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Clinic that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3. Severability and Substitution. Each section of this Agreement (and each portion thereof) shall be severable. If applicable Law (including any Healthcare Law) imposes mandatory non-waivable terms that conflict with a provision of this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.

25.4. Waivers. Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payments from you after your breach.

25.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

25.6. Force Majeure. Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

25.7. Binding Effect. ~~This the entire agreement between us~~ Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however,* that the additional insureds listed in §16.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §16.1 and §19, respectively.

25.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §12.2 AND §25.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Acceptance Notice attached hereto as ATTACHMENT "C" shall be deemed to amend this Agreement to identify the approved site and Territory for your Clinic, regardless of whether you countersign and/or return the Site Acceptance Notice. Any email or

other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us concerning and you about the subject matter of this Agreement. ~~This Agreement may be modified only by written agreement signed by both you and us, except that we may modify~~ As referenced above, all mandatory provisions of the ~~Operations Manual at any time as provided herein. However, nothing~~ are part of this Agreement. Any representations ~~not specifically contained~~ in this Agreement ~~or any addendum shall have~~ made before entering into this Agreement ~~do not survive after the effect of disclaiming~~ signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document ~~or any of its exhibits~~. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

25.9. Covenant of Good Faith. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

25.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

25.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Clinic or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §14, §15, §17, §19, §22, §23 and §25.

25.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.14. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days' prior written notice):

YOU: As set forth in Part B of ATTACHMENT "B"
US: The Joint Corp.
16767 N. Perimeter Dr., Suite 110
Scottsdale, Arizona 85260
Attention: Eric Simon
Email: Eric.Simon@TheJoint.com

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

| Counterparts

~~25.15. IN WITNESS WHEREOF, the parties have duly~~. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

* * *

The parties below have executed this Agreement effective as of the ~~Agreement~~ Effective Date first above written.

~~“COMPANY”~~
FRANCHISOR:

The Joint Corp.,
a Delaware corporation

By: _____
Name: _____
Title: _____

~~“FRANCHISEE”~~

a _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

YOU (If you are an Entity):

a(n) _____

By: _____
Name: _____
Title: _____

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A" EXHIBIT 1

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

~~FRANCHISING OPENING DEADLINE AND EXPIRATION DATE~~

You must open the Franchise to which this Agreement corresponds by the deadline set forth below (the "Opening Deadline"), subject to the requirements of Sections 3.3 and 3.6, and any other applicable provision of the Agreement: _____

~~IF NO DEAL TERMS~~

A. Identity and Ownership of Franchisee

The franchisee is: _____ A proprietorship comprised of multiple owners

_____ A business entity

If the franchisee is a proprietorship:

Your individual owners:

If the Franchisee is a Business Entity:

Type of Entity: _____ Corporation

_____ Professional Corporation

_____ Limited Liability Company

_____ Professional Limited Liability Company

_____ Partnership

_____ Professional Partnership

You were incorporated or formed on _____, 20____ under the laws of the State of _____.

Name of Entity _____ Owned by _____ Title

Percentage of Interest:

<u>Individual/Entity Name</u>	<u>Percentage/Description of Interest</u>
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B. Franchisee’s Notice Address

Name and address of the person to receive notices for the franchisee and on behalf of the Owners:

Attention:

Email:

C. Franchise Model

The franchise model you are purchasing is (franchisor to check box by appropriate model):

Franchised Clinic

Managed Clinic

D. Renewal or Transfer Addendum

The following identifies whether the Renewal Addendum or Transfer Addendum apply to this Agreement (franchisor to check approximate box):

Renewal Addendum Applies

Transfer Addendum Applies

Neither Addendum Applies

E. Initial Franchise Fee

The amount of your initial franchise fee is as follows: (franchisor to check box by appropriate amount):

Standard Initial Franchise Fee: \$39,900 (no discount)

Veterans Discount: \$33,900 initial franchise fee (\$6,000 discount)

Multi-Clinic Discount: \$29,900 initial franchise fee (\$10,000 discount)

DC Path to Ownership Program Discount: \$20,000 initial franchise fee (\$19,900 discount)

Governed by Transfer Addendum or Renewal Addendum

Other: The initial franchise fee is: \$[_____]

F. Clinic Design Fee

The amount of your clinic design fee is as follows: (franchisor to check box by appropriate amount):

New Clinic: \$1,000

Renewing Clinic: \$600

G. Required Opening Date

The Required Opening ~~Deadline is set forth above, then the~~ Date for the Clinic shall be: [_____], 202[____]*

* If no date is listed, the Required Opening ~~Deadline~~ Date shall be deemed to be three hundred (the date that is 300) days from ~~after~~ the Agreement ~~Effective~~ Date.

~~The~~ **H. Term Expiration Date**

The “term expiration date” for the term of this Agreement is: _____ shall _____ be: [_____], 20[____]*

Franchisee’s Initials

EXHIBIT 2

** If no date is listed, the term expiration date shall be the 10th anniversary of the Effective Date.*

I. Site Selection Area

The Site Selection Area referenced in the Franchise Agreement consists of the following geographic area:

[_____]

** The Site Selection Area is not your territory and there are no protections associated with this area.*

J. Accepted Site

We hereby accept the site listed below for your Clinic.

Address: [_____]

** If the site for your Clinic has not been accepted by us at the time this Agreement is signed, we will send you a Site Acceptance Notice in accordance with §8.1 listing the address of your accepted site.*

K. Territory

The Territory referenced in the Franchise Agreement consists of, and shall be limited to, the following geographic area (as be further depicted on a map attached below or the following page):

[_____]

If the boundaries that define the Territory change during the Term, the boundaries of your Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

** If the site for your Clinic has not been accepted by us at the time this Agreement is signed, we will send you a Site Acceptance Notice in accordance with §4.1 identifying the geographic area that comprises your Territory.*

[Insert Territory Map Below (if applicable)]

ATTACHMENT "C"

TO ~~THE JOINT CORP.~~ FRANCHISE AGREEMENT

FORM OF SITE ACCEPTANCE NOTICE

[See Attached]

SITE ACCEPTANCE NOTICE

The Joint Corp. (“we” or “us”) is issuing this Site Acceptance Notice (this “Notice”) to _____ (“you”), effective _____, 202____, in connection with the The Joint Franchise Agreement (the “Franchise Agreement”) that we executed with you on _____, 202____. The purpose of this Notice is to confirm our acceptance of the site you proposed for your Clinic and our designation of the boundaries of your “Territory”.

Approved Address:

Pursuant to §8.1 of the Franchise Agreement, we hereby accept the site listed below for your Clinic:

Territory:

Pursuant to §4.1 of the Franchise Agreement, we hereby designate the following geographic area as your Territory under the Franchise Agreement (as may be further depicted on a map attached on the following page):

[_____]

If the boundaries that define the Territory change during the Term, the boundaries of your Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the accepted site for your Clinic established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under “Territory” shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

Franchisor _____ **Franchisee** _____

The Joint Corp. OWNER’S GUARANTY AND ASSUMPTION OF OBLIGATIONS

~~In consideration of, and as an inducement to, the execution of the Franchise Agreement, dated as of this _____ day of _____, 202____ (the “Agreement”), by and between The Joint Corp., a Delaware corporation (“us”) and _____ (the “Franchisee”), each of the undersigned owners of the Franchisee and their respective spouses (“you,” for purposes of this Guaranty only), hereby personally and unconditionally agree to perform and keep during the terms of the Agreement, each and every covenant, obligation, payment, agreement, and undertaking on the part of Franchisee contained and set forth in the Agreement. Each of you agree that all provisions of the Agreement relating to the obligations of Franchisees, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on you.~~

~~Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchisee or~~

~~any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchisee which you may have arising out of your guaranty of the Franchisee's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.~~

~~Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchisee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchisee or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchisee has any obligations under the Agreement.~~

~~If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', mediation, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above listed costs and expenses incurred by us.~~

~~This Guaranty is now executed as of the Agreement Date.~~

OWNER:	OWNER'S SPOUSE:
_____	_____
Name: _____	Name: _____
OWNER:	OWNER'S SPOUSE:
_____	_____
Name: _____	Name: _____
OWNER:	OWNER'S SPOUSE:
_____	_____
Name: _____	Name: _____

EXHIBIT 3 _____]

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert Territory Map Below]
ATTACHMENT "D"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See attached]

ADDENDUM TO LEASE AGREEMENT

This Addendum to Lease Agreement (this "Addendum"), is entered into effective on this _____ day of _____, 20____, (the "Effective Date") by and between _____, a _____ (the "Lessor"), and _____, a _____ (the "Lessee") (each a "Party" and collectively, the "Parties").

RECITALS

- A. ~~WHEREAS, the~~ The Parties hereto have entered into a certain Lease Agreement, dated on the _____ day of _____, 20____ (the "Agreement"), and pertaining to the premises located at _____ (the "Premises"); ~~and~~.
- B. ~~WHEREAS,~~ Lessor acknowledges that Lessee intends to operate The Joint franchise from the Premises pursuant to a Franchise Agreement (the "Franchise Agreement") with The Joint Corp., a Delaware corporation ("Franchisor") under the name The Joint or other name designated by Franchisor ("Franchised Business"); ~~and~~.
- C. ~~WHEREAS, the~~ The Parties now desire to amend the Lease Agreement in accordance with the terms and conditions contained herein.
- D. ~~NOW, THEREFORE, in~~ In consideration of the mutual covenants and agreements herein set forth and each act done and to be done pursuant hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

~~1.~~ AGREEMENT

1. Remodeling and Decor. -The above recitals are hereby incorporated by reference.- Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks ("Marks") and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.
2. ~~2.~~ Assignment. - Lessee shall have the right to assign all of its right, title and interest in and to the Lease Agreement to Franchisor or its parent, subsidiary, or affiliate, (including ~~another franchisee~~) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent, pursuant to the terms of the Collateral Assignment of Lease attached hereto as Exhibit A. -However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease Agreement, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease Agreement is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. -In the event of any assignment, Lessee shall remain liable under the terms of the Lease.- Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a).
3. ~~3.~~ Default and Notice.
- (a) ~~(a)~~ -In the event there is a default or violation by Lessee under the terms of the Lease Agreement, Lessor shall give Lessee and Franchisor written notice of the default or violation within ~~ten (10) days~~ after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph Section 4(a). Franchisor will have an additional ~~fifteen (15) days~~ from the expiration of Lessee's cure period in which it may exercise the option to cure, but is not obligated to cure the default or violation.
- (b) ~~(b)~~ -All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

The Joint Corp.
 Attention: ~~Eric Simon, VP of Franchise Sales and Development~~
 16767 N. Perimeter Dr., Suite #110

 Scottsdale, AZ -85260

 Attention: ~~Property Management~~
Eric Simon E-mail: ~~eric.simon@thejoint.com~~ eric.simon@thejoint.com

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

- (c) ~~(e)~~—Following Franchisor's approval of the Lease Agreement, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

4. ~~4.~~ Termination or Expiration.

- (a) ~~(a)~~—Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease Agreement or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest in the Lease Agreement and at any time thereafter to ~~re-assign~~ reassign the Lease Agreement to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease Agreement. Upon notice from Franchisor to Lessor requesting an automatic assignment, Lessor will, at the cost of Franchisor, take appropriate actions to secure the leased premises including but not limited changing the locks and granting Franchisor sole rights to the Premises.
- (b) ~~(b)~~—Upon the expiration or termination of either the Lease Agreement or the Franchise Agreement (attached), Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect The Joint marks and system, and to distinguish the Premises from a Franchised Business. ~~In the event Franchisor exercises its option to purchase assets of Lessee or has rights to those through the terms and conditions of~~ any agreement between Lessee and Franchisor, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. ~~5.~~ Consideration; No Liability.

- (a) ~~(a)~~—Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. ~~Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by~~ Exhibit A.
- (b) ~~(b)~~—Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. ~~6.~~ Sales Reports.— If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business.

7. ~~7.~~ Amendments.— No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. ~~8.~~ Reaffirmation of Lease.- Except as amended or modified herein, all of the terms, conditions and covenants of the Lease Agreement shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copied herein in full.
9. ~~9.~~ Beneficiary. -Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

IN WITNESS WHEREOF, the Parties have duly executed this Addendum as of the Effective Date.

LESSOR:

a _____

By: _____
Name: _____
Its: _____

LESSEE:

a _____

By: _____
Name: _____
Its: _____

Sign:	Sign:
Print:	Print:
Title:	Title:

EXHIBIT A

COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into effective as of the ~~___ day of~~
~~___, 20___~~ date last set forth below (the "Effective Date"), the undersigned,
_____, ("Assignor") hereby assigns, transfers and sets over unto The Joint Corp.,
a Delaware corporation ("Assignee") all of Assignor's right, title and interest as tenant, in, to and under that certain
lease, a copy of which is attached hereto as **Exhibit 1** (the "Lease Agreement") with respect to the premises located
at

_____ (the "Premises").- This Assignment is for collateral purposes only and except as specified herein, Assignee
shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless
Assignee shall take possession of the Premises demised by the Lease Agreement pursuant to the terms hereof and
shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement
and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its
interest in the Lease Agreement nor the Premises demised thereby.

Upon a default by Assignor under the Lease Agreement or under that certain franchise agreement for The Joint
between Assignee and Assignor ("Franchise- Agreement"), or in the event of a default by Assignor under any
document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered
to take possession of the Premises, expel Assignor therefrom, and, in the event, Assignor shall have no further right,
title or interest in the Lease Agreement.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease
Agreement without the prior written consent of Assignee. Through the Initial Term of the Franchise Agreement and
any Renewal Period thereof (as defined in the Franchise Agreement), Assignor agrees that it shall elect and exercise
all options to extend the term of or renew the Lease Agreement not less than ~~thirty (30)~~ days before the last day that

said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this ~~Collateral~~ Assignment ~~of Lease~~ as of the Effective Date.

ASSIGNOR:

a _____

By: _____
Name: _____
Its: _____

ASSIGNEE:

THE JOINT CORP.,
a Delaware corporation

Sign: _____	Sign: _____
Print: _____	Print: _____
Title: _____	Title: _____
Date: _____	Date: _____

ATTACHMENT "E"

By: _____

Name: _____
Its: _____

~~EXHIBIT 4~~ TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner who is a natural person, in favor of The Joint Corp., a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

Definitions. OWNERSHIP INTERESTS IN FRANCHISEE

~~1. **Form of Franchisee’s Ownership:**~~

~~(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows:~~

~~_____

_____~~

~~(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _____, under the laws of the State of _____, You have not conducted business under any name other than your corporate, limited liability company, or partnership name and _____ . The following is a list of your directors, if applicable, and officers as of the effective date shown above:~~

~~**Name of Each Director/Officer** _____ **Position(s) Held**~~

~~_____

_____~~

~~1. **Owners.** The following list includes For purposes of this Agreement the full name of each person who is following terms have the meanings given to them below:~~

~~“Business Data” means all data pertaining to Franchisee’s Clinic, patients and business operations, whether collected by you, Franchisee, us or any other person.~~

~~“Clinic” means a chiropractic clinic that is authorized to operate under our Marks and use our System, including clinics operated by us, our affiliate, Franchisee or another person, as the context may require.~~

~~“Competing Business” means any business that meets at least one of your owners the following criteria:~~

- ~~(a) any cash-basis, private-pay chiropractic business that operates using a membership model and derives (or is reasonably expected to derive) at least \$10,000 per year from the performance of chiropractic services;~~
- ~~(b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or~~
- ~~(c) any business that manages, services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition.~~

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

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

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

“Development Agreement” means, if applicable, the Area Development Agreement pursuant to which the Franchise Agreement was executed.

“Franchise Agreement” means the The Joint Franchise Agreement executed by Franchisee with an effective date of _____, 202_____.

“Franchisee” means _____ . For purposes of this Agreement, the term “Franchisee” shall be deemed to refer to both: (a) [_____], as Franchisee under the Franchise Agreement; and (b) the Person who signed the Development Agreement (if applicable), as Developer, if such Person is different than Franchisee.

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

“Intellectual Property” means, collectively or individually, the Business Data (excluding Protected Health Information), Copyrighted Materials, Improvements, Know-how, Marks and System.

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

“Manual” means our confidential brand standards manual for the operation of a Clinic.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from

time to time and authorize Clinics to use, including THE JOINT[®], THE JOINT CHIROPRACTIC[®] and THE JOINT...THE CHIROPRACTIC PLACE[®], and the associated logos. The Marks also include any distinctive trade dress used to identify a Clinic or the products it sells.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 1% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Clinic; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Clinic patient to transfer their business from a Clinic to a competitor.

“Protected Health Information” means and includes any patient data identifiable to a particular patient that pertains to the patient’s medical/healthcare background, file, records or treatments.

“Restricted Period” means: the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Clinic that it operates; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means: the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Clinic that it operates.

“Restricted Territory” means: the geographic area within: (a) a 10-mile radius from Franchisee’s Clinic (and including the Clinic’s premises itself); and (b) a 10-mile radius from all other Clinics that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within a 10-mile radius from Franchisee’s Clinic (and including the Clinic’s premises itself).

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

2. Background. In your capacity as an owner (or the spouse of an owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property and Confidential Information. You agree to:

- (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee’s Clinic in compliance with the Franchise Agreement and Manual;
- (ii) maintain the confidentiality of Confidential Information at all times;
- (iii) refrain from making unauthorized copies of documents containing Confidential Information;
- (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential

Information; and

(v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

(b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an owner of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach.

(c) Family Members. Because you could circumvent the purpose of §3 by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family (i) engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

(d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we both believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable law.

(e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. We must approve all persons who hold a direct or indirect ownership interest in the Franchisee entity. If you are an owner of Franchisee, you agree that you will not directly or indirectly sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in the Franchisee entity except in accordance with §20 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (as defined in the Franchise Agreement) (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive:

- (i) acceptance and notice of acceptance by us of the foregoing undertakings;
- (ii) notice of demand for payment of any indebtedness guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness guaranteed;
- (iv) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. **Dispute Resolution.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures in the Franchise Agreement. Notwithstanding the foregoing, if any dispute resolution procedures in the Franchise Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**

7. **Miscellaneous** attach additional pages if.

- (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Any claim, defense or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
- ~~(a)~~(d) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion ~~necessary~~ to make such terms reasonable in scope, duration and geographic area.

(e) ——— You agree that we may deliver to you any notice or other communication contemplated by

this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "F"
TO FRANCHISE AGREEMENT
ACH AUTHORIZATION FORM

[See Attached]

EFT AUTHORIZATION AGREEMENT FORM



CLINIC NAME: _____

EFT AUTHORIZATION AGREEMENT

Through this EFT Authorization Agreement, I hereby authorize The Joint Corp., d/b/a The Joint Chiropractic to initiate automatic electronic funds transfers, withdrawals or deposits to my account at the financial institution named below for the fees and expenses as required by the terms of my franchise agreement (including without limitation; software fees, late fees, royalty draws (which consists of corporate royalty and Ad Fund contributions) and settlement of net inter-clinic activity). Any banking fees incurred by The Joint Corp. due to insufficient funds or outdated banking information will be my responsibility.

This EFT Authorization Agreement will remain in effect until The Joint Corp. receives a written notice of cancellation from me, or until I submit a new form to The Joint Corp. Accounting Department.

ACCOUNT INFORMATION

Add Change

Name of Financial Institution: _____

Routing Number: _____

Account Number: _____ Checking

SIGNATURE

Authorized Signature: _____ Date: _____

Print Name: _____

Please attach a voided check and return this form to the Accounting Department
(accounting.services@thejoint.com)

ATTACHMENT "G"
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of The Joint Corp., a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth below.

1. Definitions. For purposes of this Agreement the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Clinic, patients and business operations, whether collected by you, Franchisee, us or any other person.

“Clinic” means a chiropractic clinic that is authorized to operate under our Marks and use our System, including clinics operated by us, our affiliate, Franchisee or another person, as the context may require.

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

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

“Franchisee” means the THE JOINT® franchisee for whom you are an officer, director, employee or independent contractor.

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

“Intellectual Property” means, collectively or individually, the Business Data (excluding Protected Health Information), Copyrighted Materials, Improvements, Know-how, Marks and System.

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

“Manual” means our confidential operations manual for the operation of a Clinic.

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

“Protected Health Information” means and includes any patient data identifiable to a particular patient that pertains to the patient’s medical/healthcare background, file, records or treatments.

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

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property and Confidential Information. You agree to:

- (i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Clinic;
- (ii) maintain the confidentiality of all Confidential Information at all times;
- (iii) refrain from making unauthorized copies of documents containing any Confidential Information;
- (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and
- (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. Family Members. Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

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

6. Miscellaneous.

- (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys’ fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By:

Name:

Date:

ATTACHMENT "H"
TO FRANCHISE AGREEMENT
BUSINESS ASSOCIATE AGREEMENT

[See Attached]

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (this “Agreement”) is entered into as of _____, 202____ (the “Effective Date”) between _____, a(n) _____ (“Covered Entity”) and _____, a(n) _____ (“Business Associate”). Covered Entity and Business Associate are sometimes individually referred to herein as a “Party” or collectively as the “Parties.”

BACKGROUND RECITALS

- A. Business Associate has been engaged to provide certain services to Covered Entity pursuant to a separate agreement (the “Services Agreement”). In order to perform the services contemplated by the Services Agreement, Covered Entity may need to disclose to Business Associate, or Business Associate may need to create on Covered Entity’s behalf, certain Protected Health Information (as defined below) that is subject to protection under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (“HITECH Act”), and regulations promulgated thereunder by the U.S. Department of Health and Human Services to implement certain privacy and security provisions of HIPAA (the “HIPAA Regulations”), codified at 45 C.F.R. Parts 160 and 164.
- B. As a condition to conducting business with Covered Entity, HIPAA Regulations require that all business associates (as defined at 45 C.F.R. §160.103) of Covered Entity (including Business Associate) agree in writing to certain mandatory provisions regarding the privacy and security of PHI.
- C. For good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the Parties hereby agree to the terms and conditions set forth below.

AGREEMENT

- 1. DEFINITIONS.** Capitalized terms used in this Agreement have the meanings given to them below, or if not defined below, the meanings given to them in HIPAA, the HIPAA Regulations and the HITECH Act.
- “Breach” has the meaning given to such term in 45 C.F.R. §164.402, and includes the unauthorized acquisition, access, use, or disclosure of PHI which compromises the security or privacy of such information.
- “Data Aggregation” has the meaning given to such term under the Privacy Rule including, but not limited to, 45 C.F.R. §164.501.
- “Designated Record Set” means a group of records maintained by or for Covered Entity that may include: (a) medical records and billing records about Individuals maintained by or for a covered healthcare provider; (b) the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or (c) records used, in whole or in part, by or for Covered Entity to make decisions about Individuals.
- “Electronic Health Record” has the meaning given to such term in the HITECH Act including, but not limited to, 42 U.S.C. §17921(5).
- “Electronic Protected Health Information” or “ePHI” means individually identifiable health information that is transmitted by, or maintained in, electronic media.
- “Health Care Operations” has the meaning given to such term under the Privacy Rule including, but not limited to, 45 C.F.R. §164.501.
- “Individual” has the same meaning as the term “individual” in 45 C.F.R. §160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. §164.502(g).
- “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information codified at 45 C.F.R. Part 160 and Part 164, Subparts A and E, as amended by the HITECH Act and as may otherwise be amended from time to time.
- “Protected Health Information” or “PHI” means any information, whether oral or recorded in any form or medium that identifies an Individual (or with respect to which there is a reasonable basis to believe the

information can be used to identify an Individual) and relates to: (a) the past, present or future physical or mental condition of the Individual; (b) the provision of healthcare to the Individual; or (c) the past, present or future payment for the provision of healthcare to the Individual. PHI includes all information that falls within the definition of Protected Health Information set forth in the Privacy Rule including, but not limited to, 45 C.F.R. §160.103. PHI excludes individually identifiable health information regarding a person who has been deceased for more than 50 years. For purposes of this Agreement, PHI shall include ePHI.

“Required By Law” has the same meaning as the phrase “required by law” in 45 C.F.R. §164.103.

“Secretary” means the Secretary of the U.S. Department of Health and Human Services or his/her designee.

“Security Incident” means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.

“Security Rule” means the HIPAA Regulations that are codified at 45 C.F.R. Part 160 and Part 164, Subparts A and C, as amended by the HITECH Act and as may otherwise be amended from time to time.

“Unsecured PHI” means PHI that is not secured through the use of a technology or methodology specified by the Secretary in guidance or as otherwise defined in 45 C.F.R. §164.402.

2. SCOPE OF AGREEMENT. This Agreement applies to all PHI of Covered Entity to which Business Associate may be exposed as a result of the services Business Associate provides to Covered Entity pursuant to the Services Agreement. Business Associate shall abide by HIPAA, the HIPAA Regulations and the HITECH Act with respect to PHI of Covered Entity, as further outlined below.

3. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE.

3.1. Permitted Uses. Except as otherwise limited in this Agreement, Business Associate may use PHI: (a) for the proper management and administration of Business Associate; (b) to carry out the legal responsibilities of Business Associate; or (c) for Data Aggregation purposes for the Health Care Operations of Covered Entity. Business Associate shall not use PHI in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so used by Covered Entity. Business Associate agrees to limit its use of PHI to the minimum amount necessary to accomplish the intended purpose of the use.

3.2. Permitted Disclosures. Business Associate may disclose PHI: (a) for the proper management and administration of Business Associate; (b) to carry out the legal responsibilities of Business Associate; (c) as Required By Law; or (d) for Data Aggregation purposes for the Health Care Operations of Covered Entity. Business Associate shall not disclose PHI in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by Covered Entity. In addition, if Business Associate discloses PHI to a third party, Business Associate must obtain, prior to making any such disclosure: (a) satisfactory written assurances from such third party that the PHI will be held as confidential as provided pursuant to this Agreement and only disclosed as Required By Law or for the purposes for which it was disclosed to such third party; and (b) a written agreement from such third party to immediately notify Business Associate of any breach of confidentiality of the PHI, to the extent such third party has obtained knowledge of such breach. Business Associate agrees to limit its disclosure of PHI to the minimum amount necessary to accomplish the intended purpose of the disclosure.

3.3. Prohibited Uses and Disclosures. Business Associate shall not use or disclose PHI for fundraising or marketing purposes. In accordance with 45 C.F.R. §164.522(a)(1)(B)(6), Business Associate shall not disclose PHI to a health plan for payment or Health Care Operations purposes if a patient has: (a) requested this special restriction; and (b) paid out-of-pocket in full for the healthcare item or service to which the PHI solely relates. Business Associate shall not sell PHI as provided in 45 C.F.R. §164.502.

3.4. Other Business Associates. As part of its providing functions, activities, and/or services to Covered Entity, Business Associate may: (a) disclose information, including PHI, to other business associates of Covered Entity; and (b) use and disclose information, including PHI, received from other business

associates of Covered Entity as if this information was received from, or originated with, Covered Entity.

3.5. Safeguards. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Agreement and to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the ePHI that it creates, receives, maintains or transmits on behalf of Covered Entity. In accordance with 42 U.S.C. §17931 of the HITECH Act, Business Associate shall be directly responsible for full compliance with the policies and procedures and documentation requirements of the HIPAA Security Rule including, but not limited to, 45 C.F.R. §§164.308, 164.310, 164.312, 164.314 and 164.316.

3.6. Reporting of Unauthorized Uses or Disclosures and Security Incidents. Business Associate agrees to report to Covered Entity in writing any access, use or disclosure of PHI not provided for or permitted by this Agreement and any Security Incidents of which Business Associate (or Business Associate's employee, officer or agent) becomes aware. Business Associate shall so notify Covered Entity pursuant to this §3.6 within 24 hours after Business Associate becomes aware of such unauthorized use, disclosure or Security Incident.

3.7. Reporting of Breach of Unsecured PHI. Business Associate agrees to report to Covered Entity any Breach of Unsecured PHI of which Business Associate (or Business Associate's employee, officer or agent) becomes aware without unreasonable delay and in no case later than 24 hours after Business Associate knows of such Breach, except where a law enforcement official determines that a notification would impede a criminal investigation or cause damage to national security.

3.8. Agents and Subcontractors. Business Associate agrees to ensure that any agent, including a subcontractor, to whom Business Associate provides PHI, agrees in writing to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such PHI, and implement the safeguards required by §3.5 above with respect to ePHI. If Business Associate knows of a pattern of activity or practice of an agent that constitutes a violation of the agent's obligations to Business Associate, Business Associate shall take reasonable steps to end the violation, and if such steps are unsuccessful, Business Associate must terminate the arrangement if feasible.

3.9. Mitigation of Unauthorized Uses or Disclosures. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate or one of its agents or subcontractors in violation of the requirements of this Agreement.

3.10. Authorized Access to PHI.

(a) Individual Requests for Access. Business Associate shall cooperate with Covered Entity to fulfill all requests by Individuals for access to the Individual's PHI. Business Associate shall cooperate with Covered Entity in all respects necessary for Covered Entity to comply with 45 C.F.R. §164.524 and applicable State law. If Business Associate receives a request from an Individual for access to PHI, Business Associate shall immediately forward such request to Covered Entity.

(b) Scope of Disclosure. Covered Entity shall be solely responsible for determining the scope of PHI and/or Designated Record Set with respect to each request by an Individual for access to PHI. If Covered Entity decides to charge a reasonable cost-based fee for the reproduction and delivery of PHI to an Individual, Covered Entity shall deliver a portion of this fee to Business Associate in the event any such reproduction or delivery is made by Business Associate, and in proportion to the amount of work done by Business Associate in producing and delivering the PHI.

(c) Designated Record Set. To the extent that Business Associate maintains PHI in a Designated Record Set and at the request of Covered Entity, Business Associate agrees to provide access

to PHI in a Designated Record Set to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. §164.524 and applicable State law. If Business Associate maintains PHI in a Designated Record Set, and maintains an Electronic Health Record, then Business Associate shall provide such Designated Record Set in electronic format.

(d) Patient Right to Amend PHI. A patient has the right to have Covered Entity amend his/her PHI, or a record in a Designated Record Set for as long as the PHI is maintained in the Designated Record Set, in accordance with 42 C.F.R. §164.526. To the extent that Business Associate maintains PHI in a Designated Record Set, Business Associate agrees to make any amendment(s) to PHI in a Designated Record Set at the request of Covered Entity in accordance with 45 C.F.R. §164.526. Within 15 business days following Business Associate's amendment of PHI as directed by Covered Entity, Business Associate shall provide written notice to Covered Entity confirming that Business Associate has made the amendments or addenda to PHI as directed by Covered Entity and containing any other information as may be necessary for Covered Entity to provide adequate notice to the Individual in accordance with 45 C.F.R. §164.526.

3.11. Accounting and Disclosures. If Business Associate makes any disclosures of PHI that are subject to the accounting requirements of the Privacy Rule, Business Associate shall report such disclosures to Covered Entity within three (3) days of such disclosure. The notice by Business Associate to Covered Entity of the disclosure shall include the name of the Individual, the recipient, the reason for disclosure, and the date of the disclosure. Business Associate shall maintain a record of each such disclosure that shall include: (a) the date of the disclosure; (b) the name and, if available, the address of the recipient of the PHI; (c) a brief description of the PHI disclosed; and (d) a brief description of the purpose of the disclosure. Business Associate shall maintain this record for a period of six (6) years and make it available to Covered Entity upon request in an electronic format so that Covered Entity may meet its disclosure accounting obligations under 45 C.F.R. §164.528. If Covered Entity provides a list of its business associates to an Individual in response to a request by an Individual for an accounting of disclosures, and the Individual thereafter specifically requests an accounting of disclosures from Business Associate, then Business Associate shall provide an accounting of disclosures to such Individual.

3.12. Secretary's Right to Audit. Business Associate agrees to keep records, submit compliance reports, and make its internal practices, books, and records relating to the use and disclosure of PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, available to the Secretary for purposes of the Secretary determining Covered Entity's and/or Business Associate's compliance with HIPAA, the HIPAA Regulations and the HITECH Act. Business Associate agrees to cooperate with the Secretary if the Secretary undertakes an investigation or compliance review of Covered Entity. Business Associate shall permit the Secretary access to its facilities, books, records, accounts, and other sources of information, including PHI, during normal business hours. No attorney-client or other legal privilege will be deemed to have been waived by Business Associate by virtue of this provision of the Agreement. Business Associate shall provide to Covered Entity a copy of any PHI that Business Associate provides to the Secretary concurrently with providing such PHI to the Secretary.

3.13. Date Ownership. All PHI shall be deemed owned by Covered Entity unless otherwise agreed in writing.

4. OBLIGATIONS OF COVERED ENTITY.

4.1. Notice of Privacy Practices. Upon written request by Business Associate, Covered Entity shall provide Business Associate with Covered Entity's then-current Notice of Privacy Practices.

4.2. Revocation of Permitted Use or Disclosure of PHI. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by a patient to use or disclose PHI of Covered Entity, to the extent that such changes may affect Business Associate's use or disclosure of PHI.

4.3. **Restrictions on Use or Disclosure of PHI.** Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. §164.522 to the extent that such restriction may affect Business Associate’s use or disclosure of PHI.

4.4. **Requested Uses or Disclosures of PHI.** Except for Data Aggregation or management and administrative activities of Business Associate, Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the HIPAA Regulations if done by Covered Entity.

5. **TERM AND TERMINATION.**

5.1. **Term.** The term of this Agreement shall be coterminous with the Services Agreement. However, Business Associate shall have a continuing obligation to safeguard the confidentiality of PHI received from Covered Entity after the termination of the Services Agreement.

5.2. **Termination Without Cause.** Either Party may terminate this Agreement without cause or penalty by the delivery of a written notice from the terminating Party to the other Party. Such termination is effective 30 calendar days from the date that the other Party receives such notice.

5.3. **Termination For Cause.** A breach of any provision of this Agreement by Business Associate shall constitute a material breach of this Agreement and shall provide grounds for immediate termination of this Agreement and/or the Services Agreement notwithstanding any provision in this Agreement or the Services Agreement to the contrary.

5.4. **Judicial or Administrative Proceedings.** Either Party may terminate the Services Agreement, effective immediately, if: (a) the other Party is named as a defendant in a criminal proceeding for a violation of HIPAA, the HIPAA Regulations, the HITECH Act, or other security or privacy laws; or (b) a finding or stipulation that the other Party has violated any standard or requirement of HIPAA, the HIPAA Regulations, the HITECH Act or other security or privacy laws is made in any administrative or civil proceeding in which the Party has been joined.

5.5. **Effect of Termination.** Except as otherwise provided in this Section, upon termination of this Agreement for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. Business Associate shall certify in writing to Covered Entity that such PHI has been destroyed. If Business Associate determines that returning or destroying the PHI is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction unfeasible. Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures to those purposes that make the return or destruction of the PHI unfeasible, for so long as Business Associate maintains such PHI.

6. **BREACH PATTERN OR PRACTICE.** If either Party (the “Non-Breaching Party”) knows of a pattern of activity or practice of the other Party (the “Breaching Party”) that constitutes a material breach or violation of the Breaching Party’s obligations under this Agreement, the Non-Breaching Party shall either: (a) terminate this Agreement in accordance with §5.3 above; or (b) take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, the Non-Breaching Party must terminate the Agreement if feasible. The Non-Breaching Party shall provide written notice to the Breaching Party of any pattern of activity or practice of the Breaching Party that the Non-Breaching Party believes constitutes a material breach or violation of the Breaching Party’s obligations under this Agreement within three (3) days of discovery and shall meet with the Breaching Party’s Privacy Coordinator to discuss and attempt to resolve the problem as one of the reasonable steps to cure the breach or end the violation.

7. **DISCLAIMER.** Covered Entity makes no warranty or representation that compliance by Business Associate with this Agreement, HIPAA, the HIPAA Regulations, or the HITECH Act will be adequate or satisfactory for Business Associate’s own purposes. Business Associate is solely responsible for all decisions made by Business Associate regarding the safeguarding of PHI.

- 8. CERTIFICATION.** To the extent that Covered Entity determines that such examination is necessary to comply with Covered Entity’s legal obligation pursuant to HIPAA, the HIPAA Regulations, and the HITECH Act, Covered Entity or its authorized agents or contractors may, at Covered Entity’s expense, examine Business Associate’s facilities, systems, procedures (including but not limited to review of training procedures for Business Associate’s staff) and records as may be necessary for such agents or contractors to certify to Covered Entity the extent to which Business Associate’s security safeguards comply with HIPAA, the HIPAA Regulations, the HITECH Act, and this Agreement.
- 9. INDEMNIFICATION.** If the Services Agreement provides for indemnification of the Parties or a Party, then provisions of this §9 shall control with respect to the matters contained in this Agreement. Each Party (the “Indemnifying Party”) agrees to indemnify, defend and hold harmless the other Party (the “Indemnified Party”) against all actual and direct losses suffered by the Indemnified Party from any negligence or wrongful acts or omissions, including failure to perform its obligations under this Agreement, by the Indemnifying Party or its employees, directors, officers, subcontractors, agents or other members of its workforce. Accordingly, the Indemnifying Party shall, within 30 days of receipt of a written notice, reimburse the Indemnified Party for any and all actual and direct losses, liabilities, lost profits, fines, penalties, costs or expenses (including reasonable attorneys’ fees) which may for any reason be incurred by Indemnified Party or imposed upon the Indemnified Party by reason of any suit, claim, action, proceeding or demand by any third party, as a result of the Indemnifying Party’s breach hereunder. This indemnification shall not replace or cover claims to which a policy of insurance covers and pays. This indemnification shall continue in full force and effect after, and notwithstanding, the transfer, assignment, expiration or termination of this Agreement.
- 10. INSURANCE.** Each Party shall obtain and maintain cyber liability insurance to cover the costs of remediating breaches and related privacy and security failures. Such insurance shall have a coverage amount of at least [[\$2,000,000]].
- 11. COMPLIANCE WITH STATE LAW.** Business Associate acknowledges that Business Associate and Covered Entity may have confidentiality and privacy obligations under applicable State law. If any provisions of this Agreement or HIPAA, the HIPAA Regulations, or the HITECH Act conflict with applicable State law regarding the degree of protection provided for PHI and patient medical records, then Business Associate shall comply with the more restrictive requirements.
- 12. MISCELLANEOUS.**
- 12.1. Amendment.** Business Associate and Covered Entity agree to take such action as is necessary to amend this Agreement from time to time to enable the Parties to comply with the requirements of HIPAA, the HIPAA Regulations and the HITECH Act. This Agreement may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed and agreed to by Business Associate and Covered Entity.
- 12.2. Interpretation.** The provisions of this Agreement shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HIPAA Regulations, the HITECH Act, the Privacy Rule and the Security Rule. The Parties agree that any ambiguity in this Agreement shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HIPAA Regulations, the HITECH Act, the Privacy Rule and the Security Rule.
- 12.3. Entire Agreement.** This Agreement contains the agreement of the Parties hereto and supersedes all prior agreements, contracts and understandings, whether written or otherwise, between the Parties relating to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 12.4. No Third-Party Beneficiaries.** Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Business Associate and Covered Entity, and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

12.5. Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered (a) when delivered personally, against written receipt, (b) if sent by registered or certified mail, return receipt requested, postage prepaid, when received, (c) when received by facsimile transmission, and (d) when delivered by a nationally recognized overnight courier service, prepaid, and shall be sent to the addresses set forth on the signature page of this Agreement or at such other address as each Party may designate by written notice to the other by following this notice procedure.

12.6. Regulatory References. A reference in this Agreement to a section in the HIPAA Regulations or the HITECH Act means the section as in effect or as amended, and for which compliance is required.

12.7. Assistance in Litigation or Administrative Proceedings. Business Associate shall make itself, and any subcontractors, employees or agents, available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claimed violation of HIPAA, the HIPAA Regulations, the HITECH Act, the Privacy Rule, the Security Rule, or other laws relating to security and privacy, except where Business Associate or its subcontractor, employee or agent is a named adverse party.

12.8. Subpoenas. If Business Associate receives a subpoena or similar notice or request from any judicial, administrative or other party arising out of or in connection with this Agreement, including, but not limited to, any unauthorized use or disclosure of PHI, Business Associate shall promptly forward a copy of such subpoena, notice or request to Covered Entity and afford Covered Entity the opportunity to exercise any rights it may have under law.

12.9. Survival. The respective rights and obligations of Business Associate under §3 et seq. of this Agreement shall survive the termination of this Agreement. In addition, §5.5 (Effect of Termination), §7 (Disclaimer), §9 (Indemnification), §10 (Compliance with State Law), §12.5 (Notices), §12.7 (Assistance in Litigation and Administrative Proceedings), §12.8 (Subpoenas) and §12.10 (Governing Law) shall survive the termination of this Agreement.

12.10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona to the extent that the provisions of HIPAA, the HIPAA Regulations or the HITECH Act do not preempt the laws of the State of Arizona.

The Parties below have executed this Agreement effective as of the Effective Date first above written.

COVERED ENTITY

BUSINESS ASSOCIATE

[_____] [_____]

Print: _____ Print: _____

Sign: _____ Sign: _____

Title: _____ Title: _____

Date: _____ Date: _____

ADDENDUM 1
TO FRANCHISE AGREEMENT
RENEWAL ADDENDUM

[See Attached]

RENEWAL ADDENDUM

This Renewal Addendum (this “Addendum”) applies only if: (a) you are renewing your franchise rights for an existing and operational Clinic; and (b) we have marked “RENEWAL ADDENDUM APPLIES” in Part D of ATTACHMENT "B" of the Franchise Agreement to which this Renewal Addendum is attached (the “Agreement”). You and we may be referred to herein as a “Party” or collectively as the “Parties”.

1. **Defined Terms.** Any capitalized term that is not defined herein shall have the meaning ascribed to such term in the Agreement. Any reference to “§” or “Section” shall refer to the § or Section of the Agreement unless otherwise specified.
2. **Renewal Fee.** Upon execution of the Agreement, you shall pay us a nonrefundable renewal fee in the amount of \$ _____, which is calculated as 25% of our current non-discounted initial franchise fee for the purchase of a first (1st) franchise.
3. **No Initial Franchise Fee.** You are not required to pay the initial franchise fee in §14.1 of the Agreement.
4. **Clinic Refresh Requirements.** As a condition to renewal, we may require you to remodel, renovate and otherwise alter your Clinic’s premises, and upgrade your Clinic’s furniture, fixtures and equipment, to conform to our current standards and specifications (“Clinic Refresh Requirements”). If we determine a new Clinic Design is necessary, you must pay us a \$600 clinic design fee upon execution of the Agreement. We hereby confirm that (franchisor to check appropriate box):

_____ New Clinic Design IS Required

_____ New Clinic Design Is NOT Required

If we require you to complete any Clinic Refresh Requirements, you must do so at your expense in accordance with our instructions and, if applicable, new Clinic Design. This Section shall not apply if we determine, in our sole discretion, that your Clinic’s premises, furniture, fixtures and equipment are in substantial compliance with our current standards and specifications. To the extent applicable, you agree to comply with §8.3 (Clinic Design) and §8.4 (Construction) of the Agreement in connection with work you perform to implement any Clinic Refresh Requirements we impose as a condition to renewal. If we do not require you to complete any Clinic Refresh Requirements, then §8.3 (Clinic Design) and §8.4 (Construction) of the Agreement shall not apply.

5. **Preopening Obligations.** Because the Agreement grants you renewal rights for the continued ownership and operation of a fully developed and operational Clinic, the Parties agree that the following preopening obligations set forth in the Agreement shall not apply: §6.1 (Initial Training Program); §6.2 (Onsite Training & Opening Assistance); §8.1 (Site Selection); §1.1(a) (Opening); §11.3(b) (Grand Opening); and §16.3(b) (Report of Initial Investment Costs). Within 30 days after execution of the Agreement, you shall provide us with evidence of insurance coverage demonstrating your compliance with §16.1 of the Agreement.
6. **Waiver and Release of Claims.** In accordance with the renewal conditions set forth in the prior Franchise Agreement, you and your Owners (as such term is defined in the Successor Agreement) shall sign the Waiver and Release of Claims attached hereto as Attachment A concurrently with the execution of the Agreement. For the sake of clarity, the release of claims shall not extend to any claims arising under state or federal franchise laws relating to: (a) the execution of the Agreement; (b) the offer and grant of franchise renewal rights; or (c) any disclosures or representations made by us or our representatives in connection with either of the foregoing.

7. **Miscellaneous.**

- (a) **Effect on Agreement.** Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Agreement shall remain in full force and effect.
- (b) **Inconsistency.** In the event of any inconsistency between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall prevail.

ATTACHMENT A TO RENEWAL ADDENDUM

Waiver and Release of Claims

[Current form of Waiver and Release Agreement to be attached at time of renewal]

ADDENDUM 2
TO FRANCHISE AGREEMENT
TRANSFER ADDENDUM

[See Attached]

TRANSFER ADDENDUM

This Transfer Addendum (this “Addendum”) applies only if: (a) you are acquiring rights to an existing and operational Clinic from another franchisee (“Seller”) pursuant to an approved Transfer; and (b) we have marked “TRANSFER ADDENDUM APPLIES” in Part D of ATTACHMENT "B" of the Franchise Agreement to which this Transfer Addendum is attached (the “Agreement”). You and we may be referred to herein as a “Party” or collectively as the “Parties”.

1. **Defined Terms.** Any capitalized term that is not defined herein shall have the meaning ascribed to such term in the Agreement. Any reference to “§” or “Section” shall refer to the § or Section of the Agreement unless otherwise specified.
2. **Term.** You may choose between: (a) acquiring a full 10-year Term (a “Full Term”), in which case you must pay us a pro-rated renewal fee in accordance with §3 below; and (b) acquiring the term remaining on Seller’s Franchise Agreement (the “Remaining Term”), in which case you do not pay us any renewal fee at this time. If you elect to acquire the Remaining Term, then the Term of the Agreement will expire on the Expiration Date listed below. We hereby confirm that you have elected the following (franchisor to check appropriate box):

_____ Full Term - expires on 10th anniversary of Effective Date

_____ Remaining Term - expires on _____, 202_____ (the “Expiration Date”)

If you elected to acquire the Remaining Term, then the Agreement is hereby amended to delete the definition of “Term” in §1 and substitute the following definition in its place:

“Term” means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the Expiration Date referenced in the Transfer Addendum; or (b) the date this Agreement is effectively terminated.

3. **Renewal Fee.** If you elected to acquire a Full Term in accordance with §2, then you shall pay us a nonrefundable pro-rated renewal fee of \$[_____] upon execution of the Agreement. The renewal fee shall be in addition to the Transfer Fee. If you elected to acquire the Remaining Term, then you will not owe us any renewal fee at the time you sign the Agreement.
4. **Transfer Fee.** We hereby acknowledge receipt of the \$[_____] transfer fee required by the Consent to Transfer Agreement.
5. **No Initial Franchise Fee.** You are not required to pay the initial franchise fee set forth in §14.1 of the Agreement.
6. **Assumption of Obligations.** You agree to discharge and guarantee the Seller’s obligations under all contracts executed by Seller in connection with the Clinic, including, without limitation, Seller’s Franchise Agreement, supplier contracts, membership agreements and other contracts.
7. **Clinic Refresh Requirements.** As a condition to our approval of the Transfer of the Clinic from Seller to you, we may require you to remodel, renovate and otherwise alter the Clinic’s premises, and upgrade the Clinic’s furniture, fixtures and equipment, to conform to our current standards and specifications (“Clinic Refresh Requirements”). If we determine a new Clinic Design is necessary, you must pay us a \$600 clinic design fee upon execution of the Agreement. We hereby confirm that (franchisor to check appropriate box):

_____ New Clinic Design IS Required

_____ New Clinic Design Is NOT Required

If we require you to complete any Clinic Refresh Requirements, you must do so at your expense in accordance with our instructions and, if applicable, new Clinic Design. All required Clinic Refresh Requirements must be completed no later than six (6) months after the Transfer effective date. This Section shall not apply if we determine, in our sole discretion, that the Clinic’s premises, furniture, fixtures and equipment are in

substantial compliance with our current standards and specifications. To the extent applicable, you agree to comply with §8.3 (Clinic Design) and §8.4 (Construction) of the Agreement in connection with work you perform to implement any Clinic Refresh Requirements we impose as a condition to Transfer. If we do not require you to complete any Clinic Refresh Requirements, then §8.3 (Clinic Design) and §8.4 (Construction) of the Agreement shall not apply.

8. Preopening Obligations. Unless you are an existing and fully trained The Joint franchisee, you and the trainees we designate must successfully complete the initial training program we provide in accordance with §6.1 (Initial Training Program) and §6.2 (Onsite Training & Opening Assistance); provided, however, that: (a) our obligation to provide assistance with the opening of the Clinic shall not apply; and (b) we need not train any Person previously employed by or associated with the Seller who has satisfied all of our current training requirements. Because the Agreement grants you the right to operate a fully developed and operational Clinic, the Parties agree that the following preopening obligations set forth in the Agreement shall not apply: §8.1 (Site Selection); §1.1(a) (Opening); §11.3(b) (Grand Opening); and §16.3(b) (Report of Initial Investment Costs). Prior to or concurrently with the execution of the Agreement, you shall provide us with evidence of insurance coverage demonstrating your compliance with §16.1 of the Agreement.

9. Miscellaneous.

- (a) **Effect on Agreement.** Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Agreement shall remain in full force and effect.
- (b) **Inconsistency.** In the event of any inconsistency between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall prevail.

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

[See Attached]



AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____

DATE: _____

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ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

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

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

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

"Developer Entity" means the Entity that: (a) signs this Agreement as the area developer (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"Development Business" means the business you conduct pursuant to this Agreement consisting of developing and opening Clinics within the Development Territory.

"Development Schedule" means the schedule described in §4.1 and Part D of ATTACHMENT "A" for the development of the Clinics within the Development Territory.

"Development Territory" means the geographic area described in Part E of ATTACHMENT "A".

"Discounted Initial Franchise Fee" means the \$29,900 discounted initial franchise fee applicable to each Clinic other than your first Clinic.

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

"Franchise Agreement" means a The Joint Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Clinic pursuant to this Agreement.

"Initial Franchise Agreement" means the Franchise Agreement you execute for the first Clinic to be developed pursuant to this Agreement.

"Owner" means a Person who meets any of the following criteria: (a) the Person directly signs this Agreement as the area developer, either alone or in conjunction with one or more other Persons; (b) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in the Developer Entity (if the area developer under this Agreement is an Entity); (c) the Person directly signs a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (d) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

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

"Term" means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the opening date listed in the Development Schedule for the last Clinic you are required to open; or (b) the date this Agreement is effectively terminated.

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

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

(b) the area development rights granted by this Agreement (or any interest therein);

- (c) the Development Business you conduct pursuant to this Agreement (or any interest therein);
- (d) the right to manage a Clinic or occupy the Clinic's premises; or
- (e) an Equity Interest in the Developer Entity, including public and private offerings;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Developer Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner of the Developer Entity, including the Laws of intestate succession.

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Clinics referred to in the Development Schedule. Each Clinic must be located within the Development Territory. This Agreement does not grant you any right or license to use our Intellectual Property.

3. TERRITORIAL PROTECTIONS AND LIMITATIONS. During the Term we will not develop or operate, or license a third party to develop or operate, a Clinic that is located in the Development Territory other than: (a) any Clinic that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is (or will be) located in the Development Territory; and (b) any Clinic otherwise permitted by this Section. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Clinics within Captive Venues located in the Development Territory; and (b) engage in Acquisitions even if, as a result of an Acquisition, one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located in the Development Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution.

4. DEVELOPMENT OBLIGATIONS

4.1. Development Schedule. You must develop, open and operate all Clinics listed in the Development Schedule. Each Clinic must be developed and opened in strict compliance with the time periods set forth in the Development Schedule, including the prescribed deadlines for: (a) signing the Franchise Agreement for the Clinic; and (b) opening the Clinic. We may, in our sole discretion, extend one or more of the deadlines listed in the Development Schedule if you demonstrate to our satisfaction that you used best efforts to meet the deadline and the need for the extension is due to unforeseeable delays rather than your lack of diligence or funding. The opening date listed in the Development Schedule for a given Clinic may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule you must open each Clinic by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.

4.2. Site Selection Process. You must propose sites within the Development Territory for each Clinic to be developed under this Agreement. All sites you propose must conform to our minimum site selection criteria. You must send us a complete site submission package that includes all documents, information, photos and video we require. In evaluating proposed sites, we consider various factors and criteria, including: parking; visibility, size, condition and characteristics of the building; traffic counts; general location; existence and location of competitive businesses; general character of the neighborhood; local demographic information; and various economic indicators. We will not unreasonably withhold our acceptance of a site that meets our minimum site selection criteria. We will use best efforts to issue our acceptance or rejection of sites you propose within 15 business days after we receive the complete site submission package. Your site is deemed rejected if we fail to issue our written acceptance within the 15 business day period. We will list the address of the accepted site in the Franchise Agreement signed by the parties in accordance with §4.3. Our acceptance or recommendation of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Clinic. It indicates only that we believe the site meets our minimum criteria. We are not responsible if a site we accept or recommend does not meet your expectations.

4.3. **Franchise Agreements.** You must sign a separate Franchise Agreement for each Clinic. You must sign the Initial Franchise Agreement for your first (1st) Clinic at the time you sign this Agreement. For all other Clinics, you must sign the Franchise Agreement after we accept the site but prior to signing a lease. Each Franchise Agreement shall be our then-current form of The Joint Franchise Agreement (modified to reflect the Discounted Initial Franchise Fee), the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. At the time you sign the Franchise Agreement for each new Clinic, you must pay us the balance of the Discounted Initial Franchise Fee for that Clinic (i.e., \$19,900). You may not sign a lease or purchase contract for a Clinic's premises until the parties have signed the Franchise Agreement and all ancillary agreements for that Clinic. You must develop, open and operate each Clinic in compliance with the Franchise Agreement and the Manual.

4.4. **Additional Clinics.** You may not develop any Clinic other than the Clinics listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Clinics listed in the Development Schedule in accordance with this Agreement.

5. **DEVELOPMENT FEE.** At the time you sign this Agreement you must pay us: (a) the full initial franchise fee for your first Clinic in the amount set forth in Part C of ATTACHMENT "A"; and (b) the development fee set forth in Part C of ATTACHMENT "A", which is calculated as \$10,000 multiplied by the total number of Clinics to be developed under this Agreement (excluding the first Clinic). The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. **DEVELOPER ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of its organizational documents and a current Certificate of Good Standing. You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. Each Owner, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

7. **TRANSFERS**

7.1. **By Us.** This Agreement is fully assignable by us, without prior notice to you, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. **By You.** The development rights are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer. You may engage in a Permitted Transfer, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Developer Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.

8. **TERMINATION**

8.1. **Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the development of the Clinics within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any

breach of the Development Schedule is a material breach of this Agreement.

8.2. Termination By Us. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and “good cause” for termination, and without opportunity to cure except for any cure period expressly set forth below:

(i) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or

(ii) if you or one of your Owners or affiliates breaches any provision of this Agreement or any other Definitive Agreement and fails to cure the breach within 30 days after receipt of a default notice from us.

8.3. Effect of Termination. The termination of this Agreement will end all of your rights and development obligations under this Agreement, including without limitation, your interests in the Development Territory and right to sign new Franchise Agreements or open additional Clinics. We will not refund any portion of the development fee, but you will not be obligated to pay the remaining balance of the Discounted Initial Franchise Fee for any Clinic for which a Franchise Agreement had not yet been signed.

9. DISPUTE RESOLUTION. Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

10. REPRESENTATIONS.

10.1. Corporate Representations. You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate’s) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Developer Entity and shall be enforceable against the Developer Entity in accordance with its terms.

10.2. Franchise Compliance Representations. You and your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

10.3. General Representations. You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

10.4. Anti-Terrorism Compliance. You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being “blocked” under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of “Specially Designated Nationals”

or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

11. GENERAL PROVISIONS

11.1. Governing Law. This Agreement and the franchise relationship are governed by the Laws of the State of Arizona without reference to its principles of conflicts of law, but any Law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

11.2. Severability. Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.

11.3. Waivers. Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party’s failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other area developers; or (d) our acceptance of payments from you after your breach.

11.4. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

11.5. Force Majeure. Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party’s failure to perform its obligations results from an event of Force Majeure; provided, however, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

11.6. Binding Effect. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.

11.7. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive

after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11.8. Good Faith Covenant. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

11.9. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

11.10. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Development Business or Developer Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

11.11. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

11.12. Time of Essence. Time is of the essence in this Agreement and every term thereof.

11.13. Notice. All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

11.14. CounterpartsOwner’s Name _____. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By: _____

Name: _____

Title: _____

YOU (If you are an Entity):

a(n)

By: _____

Name: _____

Title: _____

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

Title: _____

ATTACHMENT "A"
TO AREA DEVELOPMENT AGREEMENT
DEAL TERMS

A. Identity and Ownership of Area Developer Franchisee

The franchisee is: _____ A proprietorship comprised of multiple owners
_____ A business entity

If the franchisee is a proprietorship:

Your individual owners:

If the Franchisee is a Business Entity:

Type of Entity: _____ Corporation
_____ Professional Corporation
_____ Limited Liability Company
_____ Professional Limited Liability Company
_____ Partnership
_____ Professional Partnership

You were incorporated or formed on _____, 20____ under the laws of the State of _____.

<u>Name of Entity</u>	<u>Owned by</u>	<u>Title</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Percentage of Interest:

<u>Individual/Entity Name</u>	<u>Percentage/Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

B. Franchisee’s Notice Address

Name and Aaddress of Personthe person to Receive Noticereceive notices for the franchisee and on behalf of the Owners;

 Attention: _____
 Email: _____

C. Fees.

- _____ The initial franchise fee for the first Clinic you develop pursuant to this Agreement is \$39,900.
- _____ The Discounted Initial Franchise Fee is \$29,900.
- _____ The development fee is \$ _____.

D. Development Schedule.

You must comply with the following minimum development obligations as specified in §4 of the Agreement:

DEVELOPMENT SCHEDULE

<u>Franchised Clinic</u>	<u>Clinic Number</u>	<u>Deadlines</u>		<u>Total Number of Open Clinics (as of Opening Deadline)</u>
		<u>Franchise Agreement Signed*</u>	<u>Opening **</u>	
<u>1</u>	<u>_____</u>	<u>Not Applicable</u>	<u>300 days after Franchise Agreement signed</u>	<u>1</u>
<u>2</u>	<u>_____</u>	<u>6 months after Effective Date</u>	<u>_____, 202__</u>	<u>2</u>
<u>3</u>	<u>_____</u>	<u>12 months after Effective Date</u>	<u>_____, 202__</u>	<u>3</u>
<u>4</u>	<u>_____</u>	<u>18 months after Effective Date</u>	<u>_____, 202__</u>	<u>4</u>
<u>5</u>	<u>_____</u>	<u>24 months after Effective Date</u>	<u>_____, 202__</u>	<u>5</u>

Total Number of Clinics that must be developed:

* You must sign the Initial Franchise Agreement at the time you sign this Agreement.

** You must open each Clinic by the earlier to occur of: (1) the opening deadline set forth in the table above; or (2) the expiration of the 300th day after we accept the site for the Clinic.

E. Development Territory.

The Development Territory consists of, and shall be limited to, the following geographic area, as may be further depicted on a map attached below or on the following page:

[_____]

If the boundaries that define the Development Territory change during the Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

[Insert Map (if applicable)]

EXHIBIT "E"
TO DISCLOSURE DOCUMENT

<u>Manual Summary</u>		
<u>Manual</u>	<u>Page Count</u>	<u>Table of Contents</u>
<u>Operations Manual</u>	<u>87</u>	<u>Table of Contents follows</u>
<u>Brand Guide</u>	<u>18</u>	<u>No separate table of contents</u>
<u>Clinic Management Training Guide</u>	<u>81</u>	<u>No separate table of contents</u>
<u>In Clinic Participation Guide</u>	<u>84</u>	<u>Table of Contents follows</u>
<u>Onboarding Guide</u>	<u>31</u>	<u>Table of Contents follows</u>
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THE JOINT[®]
chiropractic



New Franchise In-Clinic Operations

2022 Participant Guide

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2024 New Franchise Onboarding Guide

Welcome New Franchisee!

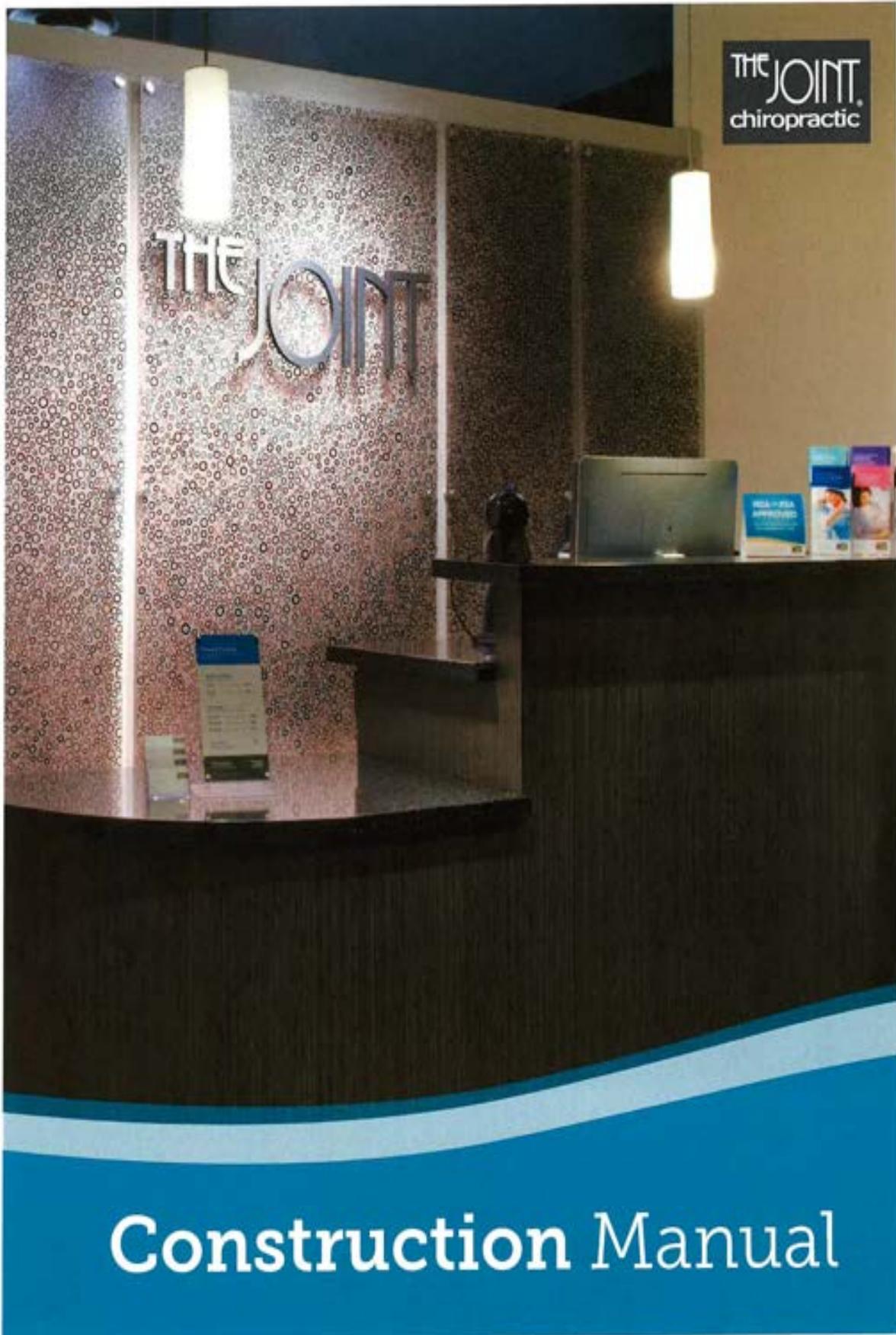
Use this Onboarding Guide as a first step to help guide you on your new business venture with The Joint Chiropractic.



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Our mission is to improve
quality of life through
routine and affordable
chiropractic care.

The Construction Manual is updated regularly. Be sure to check the "Rev" date to ensure you always have the most current version.

Construction Manual (Rev. 10/1/2018)

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EXHIBIT "F"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists franchisees that were open as of December 31, 2023.

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
AK	Wasilla	2101 E. Sun Mountain Ave Suite 104	(907) 707-3908	James Petersen, DC
AK	Anchorage	2001 E. 88th Ave	(907) 707-3908	James Petersen, DC
AL	Opelika	2486 Enterprise Dr.	(404) 797-6088	Patrick Greco, DC
AL	Huntsville	4800 Whitesburg Drive Suite 41	(256) 797-8676	Robert "Taylor" Wesson
AL	Madison	419 John Henry Way, Suite 200	(256) 527-8468	Robert "Blake" Cantrell
AL	Decatur	2411 6th Ave Suite A-1	(256) 527-8468	Robert "Blake" Cantrell
AL	Montgomery	7244 Halcyon Park Drive	(334) 685-0323	Artresha "Tresha" Brown
AL	Mountain Brook	2800 Cahaba Village Plaza , Suite 270	(615) 293-7723	Atul "Ash" Kumar
AL	Birmingham	270 Doug Baker Blvd, Suite #400	(615) 293-7723	Atul "Ash" Kumar
AL	Birmingham	1820 Gadsden Hwy Ste 104	(425) 387-8316	Kip Rapp
AL	Mobile	7721 Airport Blvd. Suite E160	(256) 590-9326	James Wesson
AL	Daphne	6850 US Highway 90 Suite A-03	(256) 590-9326	James Wesson
AL	Tuscaloosa	1320 McFarland Blvd. E., Suite 225	(205) 393-4308	Bryan McDonald, DC
AL	Gadsden	510 Meighan Blvd Suite A10	(425) 387-8316	Kip Rapp
AL	Dothan	4521 Montgomery Highway, Suite 4	(713) 660-9000	Cliff Haigler
AR	Little Rock	10121 N. Rodney Parham Rd. Suite B1	(870) 918-7425	Jared Black
AR	North Little Rock	2607 McCain Blvd.	(870) 918-7425	Jared Black
AR	Fayetteville	3484 W. Wedington Dr. , Suite 8	(205) 901-3502	Dylan Breeding
AR	Rogers	2600 Pleasant Crossing Drive, Suite 90	(205) 901-3502	Dylan Breeding
AR	Fort Smith	3106 South 74th Street, Suite 101	(205) 901-3502	Dylan Breeding
AR	Springdale	4962 E. Elm Springs RD	(205) 901-3502	Dylan Breeding
AR	Conway	1040 S Amity Rd Ste G	(205) 901-3502	Dylan Breeding
AR	Jonesboro	2100 East Highland Drive, Suite 100	(205) 901-3502	Dylan Breeding
AR	Bryant	307 Bryant Avenue Ste 2	(870) 918-7425	Jared Black
AR	Bentonville	1005 S. Walton blvd suite 2	(205) 901-3502	Dylan Breeding
AZ	Scottsdale	6107 N. Scottsdale Road, Suite C-102	(480) 286-1030	Chris Judge, DC
AZ	Peoria	7369 W. Bell Road, Suite #103	(602) 405-0558	Tony Di Giuseppe
AZ	Avondale	9925 West McDowell Road, Suite #102	(602) 405-0558	Tony Di Giuseppe
AZ	Goodyear	1468 N Litchfield Road, Suite M-6	(602) 405-0558	Tony Di Giuseppe
AZ	Surprise	14155 W Bell Road, Suite #107	(602) 405-0558	Tony Di Giuseppe
AZ	Mesa	6626 E. McKellips Road, Suite #103	(602) 625-6382	Greg Sarandi
AZ	Phoenix	21001 N. Tatum Blvd, Ste 1085	(951) 312-3183	Erica Berl
AZ	Peoria	9744 W. Northern Avenue, Suite #1335	(602) 405-0558	Tony Di Giuseppe
AZ	Phoenix	3121 W. Peoria Avenue #103	(480) 773-9170	David Lee, DC
AZ	Queen Creek	21582 S. Ellsworth Loop Road, Suite #120	(801) 791-8557	Brad Peterson
AZ	Phoenix	2340 E. Baseline Rd. Suite #170	(951) 312-3183	Erica Berl
AZ	Gilbert	2765 S. Market St., Ste 105	(480) 639-8833	Craig Peterson, DC
AZ	Gilbert	1084 S. Gilbert Rd. #103	(480) 773-9170	David Lee, DC
AZ	Casa Grande	1609 E. Florence Blvd., Suite 3	(815) 520-3431	John McDonald, DC
AZ	Surprise	13953 W Waddell Rd, Ste 102	(602) 405-0558	Tony Di Giuseppe
AZ	Buckeye	825 S Watson Rd, Ste 105	(602) 405-0558	Tony Di Giuseppe
AZ	Litchfield Park	13000 Indian School Rd, Suite A-3	(602) 405-0558	Tony Di Giuseppe

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
AZ	Laveen Village	7650 S. 59th Ste. 104	(951) 237-1811	Brandon Berl
AZ	San Tan Valley	40815 N. Ironwood Dr.	(801) 791-8557	Brad Peterson
AZ	Mesa	5221 S. Power Rd	(480) 639-8833	Craig Peterson, DC
AZ	Queen Creek	18471 E. Queen Creek Rd. Suite 102	(480) 639-8833	Craig Peterson, DC
CA	Berkeley	2628 Telegraph Avenue	(510) 499-1208	Laurent Colvin, DC
CA	San Diego	2245 Fenton Pkwy, Suite #109	(937) 441-2903	Bianca Page, DC
CA	Culver City	10992 Jefferson Blvd.	(602) 330-2744	Stephanie McRae
CA	Glendale	350 N. Glendale Avenue, Unit A	(818) 723-3063	Adam Campos
CA	Pasadena	3653 E Foothill Blvd.	(818) 723-3063	Adam Campos
CA	Pinole	2782 Pinole Valley Road	(805) 451-3281	Chris O'Neal
CA	Sacramento	521 Munroe Street	(805) 451-3281	Chris O'Neal
CA	Elk Grove	9620 Bruceville Road, Suite #102	(805) 451-3281	Chris O'Neal
CA	San Jose	2079 Camden Avenue	(805) 451-3281	Chris O'Neal
CA	Gold River	2095 Gold Centre Lane, Suite #40	(805) 451-3281	Chris O'Neal
CA	Roseville	8680 Sierra College Blvd, Suite #190	(805) 451-3281	Chris O'Neal
CA	Sacramento	8144 Delta Shores Circle South, Suite 120	(805) 451-3281	Chris O'Neal
CA	Livermore	2050 Portola Avenue, Suite E	(805) 451-3281	Chris O'Neal
CA	Roseville	731 Pleasant Grove Blvd, Suite #180	(805) 451-3281	Chris O'Neal
CA	Folsom	2756 East Bidwell Street, Suite #300	(805) 451-3281	Chris O'Neal
CA	San Jose	111 Curtner Avenue, Suite #40	(805) 451-3281	Chris O'Neal
CA	Vacaville	1610 E. Monte Vista Ave. Ste. 103	(805) 451-3281	Chris O'Neal
CA	San Jose	1098 Brokaw Road, Suite 40	(805) 451-3281	Chris O'Neal
CA	Sacramento	2850 Del Paso Rd., Suite 200	(805) 451-3281	Chris O'Neal
CA	Sacramento	1809 S Street, Suite 102	(805) 451-3281	Chris O'Neal
CA	San Jose	5130 Cherry Ave., Suite 20	(805) 451-3281	Chris O'Neal
CA	Citrus Heights	7925 Madison Ave., Suite 2	(805) 451-3281	Chris O'Neal
CA	West Sacramento	2455 Jefferson Blvd., Suite 115	(805) 451-3281	Chris O'Neal
CA	Rocklin	5430 Crossings Drive, Suite 102	(805) 451-3281	Chris O'Neal
CA	San Jose	5259 Prospect Rd.	(805) 451-3281	Chris O'Neal
CA	Milpitas	125 Ranch Dr.	(805) 451-3281	Chris O'Neal
CA	Sacramento	3700 Crocker Drive, Suite 120	(805) 451-3281	Chris O'Neal
CA	Auburn	2935 Bell Rd	(805) 451-3281	Chris O'Neal
CA	Davis	1411 W. Covell Blvd., Suite 103	(805) 451-3281	Chris O'Neal
CA	Sacramento	8848 Calvine Road, Suite 130	(805) 451-3281	Chris O'Neal
CA	Santee	9836 Mission Gorge Rd. Suite 19D	(310) 463-1061	Gabriel Latino
CA	Downey	12050 Lakewood Blvd	(925) 872-8899	Anthony Tran
CA	South Gate	4753 Firestone Blvd	(925) 872-8899	Anthony Tran
CA	Brea	477 S. Associated Road, Suite #C - 1	(925) 872-8899	Anthony Tran
CA	Riverside	3639 Riverside Plaza Drive #510	-	Jean-Paul LaBelle
CA	Point Loma	3555 Rosecrans Street, Suite #110A	(858) 780-6500	Shahram "Shah" Soleimani, DC
CA	Fontana	16155 Sierra Lakes Parkway, Suite 120	(909) 899-2956	Bryan Hurlburt
CA	Goleta	5741 Calle Real	(949) 939-3982	Brian Brownley, DC
CA	Ventura	5722 Telephone Road, #19	(310) 467-6524	Aaron Shakarian, DC
CA	Rosemead	3680 Rosemead Blvd.	(323) 810-6202	Allen Hua
CA	Los Angeles	5001 Wilshire Blvd #114	(213) 493-2601	Shawn Lee, DC
CA	Anaheim	2146 E. Lincoln Ave	(714) 398-2897	Timothy Gallo, DC
CA	Monrovia	674 W. Huntington Dr.	(323) 810-6202	Allen Hua
CA	Chino Hills	13920 City Center Drive, Suite 4003	(949) 280-8032	Aruna Chabra
CA	Fresno	50 El Camino	(480) 392-2810	Daniel Rae D.C.
CA	Clovis	950 Herndon Ave Suite 105	(480) 392-2810	Daniel Rae D.C.

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
CA	San Diego	7061 Clairemont Mesa Blvd, Suite 206	(619) 919-3580	John Laperchia
CA	Upland	1902 N. Campus Ave, Ste I	(209) 981-9000	Reginald Lal
CA	Walnut Creek	2866 Ygnacio Valley Rd.	(480) 236-8050	David Gilligan DC
CA	National City	1430 E Plaza Blvd Suite E6	(619) 919-3580	John Laperchia
CA	Simi Valley	2941 Cochran Street #5	(310) 467-6524	Aaron Shakarian, DC
CA	Manhattan Beach	1590 rosecrans ave	(602) 330-2744	Stephanie McRae
CA	Thousand Oaks	520 N Ventu Park Road, Suite 130	(310) 467-6524	Aaron Shakarian, DC
CA	Danville	413 Railroad Ave.	(801) 602-0427	Malena Kaufman D.C.
CA	Port Hueneme	549 W. Channel Islands Blvd.	(310) 467-6524	Aaron Shakarian, DC
CA	Oxnard	2051 Rose. Ave. Suite 300	(310) 467-6524	Aaron Shakarian, DC
CA	Pico Rivera	8980 Washington Blvd	(925) 872-8899	Anthony Tran
CA	Salinas	1522 N. Main Street	(831) 238-1794	Joseph Davi DC
CA	Napa	261 Soscol Avenue	(480) 236-8050	David Gilligan DC
CA	Santa Maria	560 Betteravia Rd Suite C	(714) 814-8119	Eric Smith, DC
CA	Visalia	4220 South Mooney BLVD	(480) 392-2810	Daniel Rae D.C.
CA	Bakersfield	5549 Calloway Drive, Suite 300	(805) 903-2000	Thomas Burgett
CA	Monterey	920 Del Monte Center	(831) 238-1794	Joseph Davi DC
CA	Gilroy	890 Renz Lane	(805) 451-3281	Chris O'Neal
CA	Merced	3630 G Street, Suite B	(480) 392-2810	Daniel Rae D.C.
CO	Boulder	2525 Arapahoe Avenue, Suite C2	(303) 709-5779	Joseph "Joe" Forte
CO	Colorado Springs	3272 Centennial Blvd.	(303) 709-5779	Joseph "Joe" Forte
CO	Thornton	1281 E. 120th Avenue, Unit D	(303) 709-5779	Joseph "Joe" Forte
CO	Loveland	1117 Eagle Drive	(970) 290-9511	Scott K. Heiser, DC
CO	Aurora	10600 E. Garden Drive, Suite #103	(303) 968-5408	Brad Remington
CO	Aurora	24300 E. Smokey Hill Road	(630) 803-1541	Philip "Phil" Davis
CO	Lone Tree	9996 Commons Street, Suite #330	(630) 803-1541	Philip "Phil" Davis
CO	Greenwood Village	6570 S. Yosemite Street, Suite #102	(630) 803-1541	Philip "Phil" Davis
CO	Lakewood	7100 W. Alaska Drive	(630) 803-1541	Philip "Phil" Davis
CO	Highlands Ranch	1509 Park Central Dr. Ste 200	(630) 803-1541	Philip "Phil" Davis
CO	Littleton	8555 West Belleview Avenue	(630) 803-1541	Philip "Phil" Davis
CO	Denver	945 Albion St	(630) 803-1541	Philip "Phil" Davis
CO	Castle Rock	4991 Factory Shops Blvd., Suite 140	(630) 803-1541	Philip "Phil" Davis
CO	Parker	17051 Lincoln Avenue, Suite K	(630) 803-1541	Philip "Phil" Davis
CO	Denver	2730 S Colorado Blvd #110	(630) 803-1541	Philip "Phil" Davis
CO	Lakewood	14680 W. Colfax, Suite F-120	(303) 709-5779	Joseph "Joe" Forte
CO	Colorado Springs	6044 Stetson Hills Blvd.	(303) 709-5779	Joseph "Joe" Forte
CO	Longmont	210 Ken Pratt Blvd, Suite #245	(303) 709-5779	Joseph "Joe" Forte
CO	Sheridan	3702 River Point Parkway, Unit D	(303) 709-5779	Joseph "Joe" Forte
CO	Arvada	15570 W 64th Ave # B	(303) 709-5779	Joseph "Joe" Forte
CO	Westminster	5160 W. 120th Ave., Suite I	(303) 709-5779	Joseph "Joe" Forte
CO	Fort Collins	1015 S. Taft Hill Road, Unit F	(970) 290-9511	Scott K. Heiser, DC
CO	Arvada	7957 Wadsworth Blvd.	(808) 754-4170	David Stamler
CO	Arvada	5324 Wadsworth Blvd., Suite B	(808) 754-4170	David Stamler
CO	Colorado Springs	2008 Southgate Rd.	(303) 709-5779	Joseph "Joe" Forte
CO	Aurora	18886 E. Hampden Avenue	(630) 803-1541	Philip "Phil" Davis
CO	Colorado Springs	13465 Voyager Parkway, Suite 100	(303) 709-5779	Joseph "Joe" Forte
CO	Greeley	4330 Centerplace Dr. #636	(303) 918-0370	Jeremy Casagrande, DC
CO	Central Park	3585 North. Central Park Suite 170	(303) 968-5408	Brad Remington
CO	Westminster	14375 Orchard Parkway Suite 400	(303) 709-5779	Joseph "Joe" Forte
CO	Fort Collins	250 East Harmony Road	(970) 290-9511	Scott K. Heiser, DC
CO	Denver	1661 Market St.	(303) 918-0370	Jeremy Casagrande, DC

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DC	Washington D.C.	3236 Wisconsin Ave NW	(704) 575-3632	Gordon Thornton
DC	Washington , DC	3307 14th Street NW	(727) 492-8784	Richard 'ned" Hull
DC	Washington	1400 14th St NW	(727) 492-8784	Richard 'ned" Hull
FL	Melbourne	3016 Lake Washington Road	(321) 266-0928	Daniel "Dan" Weber, DC
FL	Tampa	3810 W Neptune Street Unit B5	(813) 786-2339	Edward Leonard, DC
FL	Tampa	15215 N. Dale Mabry Hwy	(813) 786-2339	Edward Leonard, DC
FL	St. Petersburg	196 37th Ave N	(813) 786-2339	Edward Leonard, DC
FL	Lake Worth	6169 Jog Rd Suite A3	(856) 981-0068	Todd Bogos DC
FL	Windermere	4750 The Grove Drive, Suite 172	(609) 680-7658	Khvati "Kathy" Bhatt
FL	Orlando	8081 Turkey Lake Road, ste. 630	(609) 680-7658	Khvati "Kathy" Bhatt
FL	Winter Garden	16055 New Independence Pkwy, Suite 120	(609) 680-7658	Khvati "Kathy" Bhatt
FL	Orlando	12231 E. Colonial Dr. Ste 110	(407) 342-8900	John Wash
FL	Winter Springs	5685 Red Bug Lake Rd.	(407) 342-8900	John Wash
FL	Boynton Beach	520 E. Woolbright Rd.	(973) 703-7008	Anthony Fava, DC
FL	Wellington	2615 S. State Road 7, Suite 540	(973) 703-7008	Anthony Fava, DC
FL	Fort Lauderdale	1586 N. Federal Highway C	(469) 223-8983	Kevin Hua
FL	Davie	5870 S. University Dr.	(469) 223-8983	Kevin Hua
FL	Miami Gardens	8587 NW 186th St.	(469) 223-8983	Kevin Hua
FL	Tampa	19014 Bruce B Downs Blvd	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	Jacksonville	13475 Atlantic Blvd., Unit 14	(203) 273-1209	Peter Mistretta
FL	Jacksonville	4413 Town Center Parkway Ste. 205	(203) 273-1209	Peter Mistretta
FL	Orange Park	410 Blanding Blvd	(203) 273-1209	Peter Mistretta
FL	Jacksonville	10991 San Jose Blvd, Unit 1B	(203) 273-1209	Peter Mistretta
FL	Jacksonville Beach	3968 South Third Street	(203) 273-1209	Peter Mistretta
FL	West Melbourne	225 Palm Bay Rd, # 173	(321) 266-0928	Daniel "Dan" Weber, DC
FL	Brandon	2948 Providence Lake Blvd, Unit 5	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	Seminole	11201 Park Blvd, North, Suite D	(727) 424-9747	Richard van De Steeg
FL	Aventura	18841 Biscayne Blvd, suite #135	(206) 251-0290	Eric Snyder
FL	Miramar	12519 Miramar Parkway	(404) 457-4552	Kevin Minter
FL	Pace	4795 US Highway 90	(303) 709-5779	Joseph "Joe" Forte
FL	Pensacola	7175 North Davis Highway, Suite H	(303) 709-5779	Joseph "Joe" Forte
FL	Fort Walton Beach	99 Eglin Parkway	(303) 709-5779	Joseph "Joe" Forte
FL	Royal Palm Beach	1228 Royal Palm Beach Blvd	(856) 981-0068	Todd Bogos DC
FL	Coral Springs	1360 Coral Ridge Drive	(469) 223-8983	Kevin Hua
FL	Plantation	8267 W Sunrise Boulevard	(469) 223-8983	Kevin Hua
FL	Coral Springs	4392 N State Road 7	(469) 223-8983	Kevin Hua
FL	Pompano Beach	1700 E. Copans Rd #103	(469) 223-8983	Kevin Hua
FL	Sunrise	12520 W. Sunrise Blvd.	(469) 223-8983	Kevin Hua
FL	Port Orange	1652 Taylor Road, Ste 303	(407) 408-7283	Todd Stewart
FL	Lake Mary	242 Wheelhouse Lane suite 1210	(407) 408-7283	Todd Stewart
FL	DeLand	2433 S Woodland Blvd Ste. 103	(407) 408-7283	Todd Stewart
FL	Orlando	3155 S Orange Avenue, Suite 109	(407) 341-3792	Samuel "Toby" Hines
FL	Orlando	599 S Chickasaw Trail, Suite # 200	(407) 341-3792	Samuel "Toby" Hines
FL	Winter Park	501 N Orlando Ave, Suite 311	(407) 341-3792	Samuel "Toby" Hines
FL	Kissimmee	710 Centerview Blvd	(407) 341-3792	Samuel "Toby" Hines
FL	Altamonte Springs	175 E Altamonte Drive, suite 1020	(407) 341-3792	Samuel "Toby" Hines
FL	Orlando	TBD Narcoossee Rd Suite 2A Orlando, FL 32832	(407) 341-3792	Samuel "Toby" Hines
FL	Apopka	608 S Hunt Club Blvd	(816) 349-2878	Jory Lara Sullivan
FL	Fort Myers	7977 Dani Dr #120	(404) 316-1038	Jeff McGinty
FL	Naples	2338 Pine Ridge Road	(404) 316-1038	Jeff McGinty

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
FL	Estero	10171 Estero Town Commons Place, Suite 304	(404) 316-1038	Jeff McGinty
FL	Cape Coral	2311 Santa Barbara Blvd, Suite 114	(404) 316-1038	Jeff McGinty
FL	Sarasota	257 N. Cattlemen Rd. Suite 88	(720) 275-0974	Ernest 'Ernie' Arellano
FL	Sarasota	3800 S. Tamiami Trail #100	(720) 275-0974	Ernest 'Ernie' Arellano
FL	Bradenton	5246 14th street west	(720) 275-0974	Ernest 'Ernie' Arellano
FL	Boca Raton	9658 Glades Road, Suite 215	(856) 981-0068	Todd Bogos DC
FL	Clearwater	5020 E Bay Drive, Ste. 500	(727) 424-9747	Richard van De Steeg
FL	Palm Harbor	312 E. Lake Rd	(727) 424-9747	Richard van De Steeg
FL	St. Petersburg	1438 66th street.	(727) 424-9747	Richard van De Steeg
FL	Riverview	0629 Big Bend Rd. Suite 22	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	Melbourne	6431 Lake Andrew Dr Suite 104	(321) 266-0928	Daniel "Dan" Weber, DC
FL	Port St. Lucie	1361 NW St. Lucie West Boulevard	(314) 540-7371	Lon Bernstein
FL	Stuart	2387 SE Federal Highway	(772) 971-2548	Timothy O'Grady
FL	Jupiter	6230 W Indiantown Road Suite 8	(772) 971-2548	Timothy O'Grady
FL	Lakeland	4747 Florida Ave. S Suite 142	(630) 209-0532	Coreen Cammarano
FL	Plant City	2128 James Redman Pkwy	(630) 209-0532	Coreen Cammarano
FL	Winter Haven	650 Cypress Garden BLVD	(630) 209-0532	Coreen Cammarano
FL	Tarpon Springs	860 E. Tarpon Ave.	(305) 850-8196	David Hutsell
FL	New Port Richey	3194 Redeemer Way Suite F-2B	(305) 850-8196	David Hutsell
FL	Northport	17349 Tamiami Trail	(303) 507-9309	Kumar Patel
FL	Venice	1695 US 41 Bypass S, Unit 3	(303) 507-9309	Kumar Patel
FL	Port Charlotte	1799 Tamiami Trail Unit 102	(303) 507-9309	Kumar Patel
FL	Boynton Beach	372 N Congress Ave	(404) 840-0289	Robert Barbieri
FL	Delray Beach	5024 W Atlantic Avenue	(404) 840-0289	Robert Barbieri
FL	Mount Dora	19005 US-441, Ste 111	(770) 680-7418	Kevin Bock
FL	Clermont	2391 South Highway 27	(770) 680-7418	Kevin Bock
FL	Valrico	2176 Bloomingdale Ave	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	St. Augustine	205 State Rd. 312 suite 102 St.	(832) 233-3150	Carlton Jones
FL	Gainesville	3310 SW 35th Blvd, Suite B	(919) 924-8108	Rita Sellers
FL	Oviedo	1351 Alafaya Trail Suite 1005	(816) 349-2878	Jory Lara Sullivan
FL	Ocoee	11024 W. Colonial Drive	(816) 349-2878	Jory Lara Sullivan
FL	Tampa	8710 W Hillsborough Ave	(203) 816-7132	Kamal Ahuja
FL		790 Skymarks Dr Unit 106	(815) 275-8002	Gregory Kilbride
FL	Fort Pierce	1857 N. US 1	(407) 617-2615	Jason Comerford, DC
GA	Smyrna	4500 West Village Place, Suite 1011	(404) 428-3166	Anne Gerretzen-Michaud
GA	Atlanta	650 Ponce De Leon Avenue, Suite #0650B	(404) 797-6088	Patrick Greco, DC
GA	Atlanta	3330 Piedmont Road NE, Suite #4	(770) 713-5663	Tom Haimes
GA	Augusta	2907 Washington Road	(803) 761-4480	Dejan Djolic, DC
GA	Evans	4237 Washington Rd.	(803) 761-4480	Dejan Djolic, DC
GA	Dacula	2515 Fence Road NE, Suite #130	(404) 274-1437	Randy Merrill
GA	Peachtree City	1264 N. Peachtree Parkway	(678) 764-8857	Colleen Callahan
GA	Marietta	1205 Johnson Ferry Road, Suite #125	(404) 759-7204	Lawrence Rich
GA	Atlanta	305 Brookhaven Avenue, Building 1100, Suite B-1165	(770) 713-5663	Tom Haimes
GA	Alpharetta	5665 Atlanta Highway	(404) 759-7204	Lawrence Rich
GA	Kennesaw	745 Chastain Road, Suite #1050	(404) 759-7204	Lawrence Rich
GA	Acworth	3384 Cobb Parkway NW, Suite #450	(678) 595-8057	Maurice Taylor
GA	Sandy Springs	6623 Roswell Road, Suite E	(770) 713-5663	Tom Haimes
GA	Alpharetta	5530 Windward Parkway, Building G Suite 1055	(770) 713-5663	Tom Haimes
GA	Roswell	885 Woodstock Road	(770) 713-5663	Tom Haimes

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GA	Cumming	2305 Market Place Blvd.	(404) 759-7204	Lawrence Rich
GA	Newnan	328 Newnan Crossing Bypass	(404) 307-5879	Sean Callahan
GA	Woodstock	1428 Towne Lake Pkwy Ste. 28102	(678) 595-8057	Maurice Taylor
GA	Marietta	1453 Terrell Mill Road SE, Suite #115	(404) 759-7204	Lawrence Rich
GA	Columbus	6770 Veteran's Parkway, Space L	(954) 805-3223	Richard Burke
GA	Atlanta	2490 Briarcliff Road NE Suite #49	(404) 274-1437	Randy Merrill
GA	Suwanee	3630 Peachtree Parkway #310	(404) 759-7204	Lawrence Rich
GA	Lawrenceville	1860 Duluth Hwy, Suite 403	(404) 274-1437	Randy Merrill
GA	Snellville	1630 Scenic Highway, Suite 4	(404) 274-1437	Randy Merrill
GA	Dunwoody	4718 Ashford Dunwoody Road, Building C, Suite 430	(404) 316-1038	Jeff McGinty
GA	Cumming	410 Peachtree Parkway Suite 4122	(404) 759-7204	Lawrence Rich
GA	Buford	3350 Buford Drive, Suite A-130	(404) 274-1437	Randy Merrill
GA	Atlanta	790 Glenwood Ave SE, suite 220	(404) 797-6088	Patrick Greco, DC
GA	Decatur	2501 Blackmon Dr, Suite 620	(404) 274-1437	Randy Merrill
GA	Dawsonville	4130 Dawson Forest Rd. at GA Hwy 400	(404) 759-7204	Lawrence Rich
GA	Loganville	4743 Atlanta Highway	(404) 274-1437	Randy Merrill
GA	Peachtree Corners	5185 Peachtree Parkway, Suite 104-B	(404) 457-4552	Kevin Minter
GA	Atlanta	3755 Carmia Drive Suite 440	(678) 516-3048	Traci Stafford
GA	Gainesville	821 Dawsonville Hwy Suite 230	(404) 759-7204	Lawrence Rich
GA	Flowery Branch	5900 Spout Springs Road, Suite W-1	(404) 274-1437	Randy Merrill
GA	Sugar Hill	5885 Cumming Highway, Suite 403	(319) 290-4490	Joe Bass Burum
GA	Fort Oglethorpe	2713 Battlefield Parkway	(480) 861-6899	Timothy Vitullo
GA	Hiram	5140 Jimmy Lee Smith Pkwy., Suite 103	(404) 444-5713	Kaila Caldwell
GA	Marietta	2500 Dallas Highway #230	(404) 759-7204	Lawrence Rich
GA	Covington	3168 US-278 NW, Suite #2	(404) 797-6088	Patrick Greco, DC
GA	Athens	1850 Epps Bridge Rd, Suite 111	(512) 914-4253	Ketan Bhagat
GA	Douglasville	2911 Chapel Hill Rd Suite 145	(404) 444-5713	Kaila Caldwell
GA	Cartersville	220 Cherokee Place	(404) 539-4469	Dan Kjaergaard
GA	Rome	1437 Turner McCall Blvd	(404) 539-4469	Dan Kjaergaard
GA	Carrollton	1109 South Park Street Suite 502	(770) 318-9404	Randall "Randy" Hanscom
GA	Tucker	2171 Hugh Howell Road Suite 604	(404) 274-1437	Randy Merrill
GA	Monroe	1000 Pavilion Parkway, Suite 5	(404) 797-6088	Patrick Greco, DC
GA	Canton	1810 Cumming Highway Suite 1300	(404) 539-4469	Dan Kjaergaard
GA	Macon	5451 Bowman Road Suite 240	(678) 770-3436	Shrinivas Dulori
GA	Marietta	3605 Sandy Plains Rd. #115	(404) 759-7204	Lawrence Rich
GA	Fayetteville	840 Glynn St. South, Suite 366	(770) 328-3706	Paul Kaiser
GA	Stockbridge	909 Eagles Landing Pkwy, Suite 150	(512) 914-4253	Ketan Bhagat
IA	Cedar Rapids	2300 Edgewood RD SW suite H	(319) 929-7853	Jerry Akers
IA	Cedar Rapids	4701 1st Ave SE Suite B	(319) 929-7853	Jerry Akers
IA	Coralville	909 25th Ave.	(319) 929-7853	Jerry Akers
IA	Cedar Falls	421 Viking Plaza Drive Suite 500	(319) 929-7853	Jerry Akers
IA	West Des Moines	5435 Mills Civic Pkwy, Suite 110	(410) 591-0183	Brooke Everson
IA	Council Bluffs	3808 Metro Drive	(402) 917-8236	Thomas Fitzpatrick
ID	Nampa	1275 N. Happy Valley Rd.	(602) 405-0558	Tony Di Giuseppe
ID	Boise	3359 S Federal Way	(602) 405-0558	Tony Di Giuseppe
ID	Ammon	2679 E. Sunnyside	(801) 913-7560	David Essuman
ID	Boise	7500 W State Street ste. 120	(602) 405-0558	Tony Di Giuseppe
ID	Meridian	3909 E Fairview Ave Suite 135	(602) 405-0558	Tony Di Giuseppe
ID	Meridian	6097 N. Ten Mile Rd.	(602) 405-0558	Tony Di Giuseppe
ID	Twin Falls	148 Cheney Drive West Ste #300	(801) 913-7560	David Essuman

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ID	Pocatello	231 W. Quinn Rd	(801) 913-7560	David Essuman
ID	Caldwell	3018 Cleveland Blvd	(602) 405-0558	Tony Di Giuseppe
IL	Glen Carbon	3000 South State Route 159	(217) 418-5029	Byron Clark
IL	Shiloh	3264 Green Mount Crossing Drive	(217) 418-5029	Byron Clark
IL	Schaumburg	1426 North Meacham Rd.	(512) 415-6405	Donald Daniels, DC
IL	Chicago	1237 N. Clybourn Ave.	(512) 415-6405	Donald Daniels, DC
IL	Chicago	2711 N. Elston Ave.	(512) 415-6405	Donald Daniels, DC
IL	Glenview	3812 Willow Road	(512) 415-6405	Donald Daniels, DC
IL	Downers Grove	307 Ogden Ave.	(512) 415-6405	Donald Daniels, DC
IL	Aurora	1480 North Orchard Rd. #110	(630) 209-0532	Coreen Cammarano
IL	Bloomington	148 S. Gary Ave. Suite 101	(630) 209-0532	Coreen Cammarano
IL	Rockford	6139 E State St	(815) 914-8194	Jonathan Chesak
IL	Mt Prospect	104 W Rand Rd, Suite A	(630) 728-5599	Philip Olasa
IL	Shorewood	924 Brook Forest Ave. A5	(815) 342-4203	James "Jim" Fender
IL	Elgin	819 S. Randall Road, Unit E	(630) 209-0532	Coreen Cammarano
IL	Chicago	4705 W. Foster Ave Suite B6	(512) 415-6405	Donald Daniels, DC
IL	Machesney Park	1089 West Lane Rd	(815) 494-8336	Anthony Fertitta
IL	Glen Ellyn	878 Roosevelt Rd	(630) 728-5599	Philip Olasa
IL	East Peoria	410 W. Washington St.	(815) 494-8336	Anthony Fertitta
IL	Champaign	2003 S. Neil St. Suite 2003	(217) 418-5029	Byron Clark
IL	Darien	2415 75th Street, Unit C3	(614) 599-7864	Asim Khan
IL	Chicago	5314 N Broadway	(847) 224-5660	John O'Brien
IL	Chicago	334 Desplaines St., Unit 408D	(815) 342-4203	James "Jim" Fender
IL	Crystal Lake	1125 S. State Route 31 unit D	(815) 821-5564	Curtis Kempel D.C.
IL	Melrose Park	530 W. North Avenue	(248) 821-0791	Anurag Tandon
IN	Carmel	1412 S. Rangeline Road	(317) 441-4862	Bree Emsweller
IN	Greenwood	1011 N State Road 135, Suite F2	(317) 441-4862	Bree Emsweller
IN	Avon	10944 East US 36	(317) 441-4862	Bree Emsweller
IN	Indianapolis	6155 N. Keystone Ave ste. 700	(317) 441-4862	Bree Emsweller
IN	Newburgh	8403 Bell Oaks Dr.	(270) 860-7099	Jennifer Rutherford
IN	Granger	7115 Heritage Square Dr. Suite# 1220	(602) 826-1855	Melissa Van Royen
IN	Goshen	4542 Elkhart Road Suite 900	(602) 826-1855	Melissa Van Royen
IN	Terre Haute	2177 S. State Rd. 46, Suite A11	(615) 429-8245	William "Barry" Goodman
IN	Fort Wayne	5375 E. Dupont Road, Suite 103	(727) 743-2600	Alena Walker
KS	Wichita	2755 N. Maize Rd. Ste. 107	(316) 708-7234	Roger Haynes-Robertson
KS	Wichita	2564 N Greenwich Rd., Suite 600	(316) 708-7234	Roger Haynes-Robertson
KS	Derby	2151 N. Rock Road, Suite 100	(316) 708-7234	Roger Haynes-Robertson
KS	Wichita	7325 W Taft St. Suite 104	(316) 708-9100	Monique Haynes-Robertson
KY	Florence	7653 Mall Road, Ste. C Unit #36	(423) 987-6980	Catherine Abrams
KY	Lexington	4101 Tates Creek Centre Drive, Suite 152	(618) 704-8070	Jonathan Stampfli
KY	Lexington	150 W. Lowry Ln. Suite 140	(618) 704-8070	Jonathan Stampfli
KY	Bowling Green	2945 Scottsville Rd Ste. B13	(615) 429-8245	William "Barry" Goodman
KY	Louisville	4647 Outer Loop	(217) 413-8155	Maira Dawood
KY	Elizabethtown	1509 N. Dixie Highway Unit 103	(217) 413-8155	Maira Dawood
KY	Richmond	2085 Lantern Ridge Dr., Suite Y310	(781) 258-7574	David O'Dell, DC
KY	Louisville	10538 Fischer Park Drive	(931) 237-4867	Brenda O'Neil D.C.
KY	Louisville	12537 Shelbyville Rd.	(931) 237-4867	Brenda O'Neil D.C.
LA	Monroe	1870 Forsythe Avenue	(254) 681-0429	Ginger Gautier MacNealy
LA	Shreveport	1370 E. 70th Street	(832) 314-3258	Charlie Rice
LA	Bossier City	2634 Beene Blvd.	(832) 314-3258	Charlie Rice
LA	Lafayette	4302 Ambassador Caffery Parkway	(832) 314-3258	Charlie Rice

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LA	Harahan	5359 Mounes Street, Suite E	(832) 314-3258	Charlie Rice
LA	Baton Rouge	6555 Siegen Lane, Suite 12	(337) 230-3565	Dani Bidros, MD
LA	Baton Rouge	640 Arlington Creek Centre Blvd. Suite D	(337) 230-3565	Dani Bidros, MD
LA	Mandeville	3573 Emerald Rd. Suite F	(870) 918-7425	Jared Black
LA	Denham Springs	27800 Juban Rd Suite 10	(318) 401-1340	Erich Crawford
LA	Gonzales	577 W. Highway 30	(318) 401-1340	Erich Crawford
MA	Weymouth	35 Pleasant St. Unit 30	(562) 261-3333	Dwayne Acoba, DC
MA	Saugus	334 Broadway - Route 1, Suite 358	(805) 452-7353	Thaddeus Jacobs
MA	Dedham	172 Providence Hwy.	(617) 653-6065	William "Bill" Morgan
MA	Walpole	102 Providence Highway, Space C	(617) 653-6065	William "Bill" Morgan
MD	Owings Mills	10010 Reisterstown Road, Suite 30	(410) 922-5846	Lillian Harris
MD	Annapolis	2077 Somerville Road, Suite 157	(410) 356-1201	Stacey Armstead
MD	Baltimore	711 W. 40th St., Suite 156	(443) 838-0398	Raymond Thornton
MD	Rockville	10036 Darnestown Rd.	(404) 444-5713	Kaila Caldwell
MD	Laurel	14722 Baltimore Ave. Ste 105	(404) 444-5713	Kaila Caldwell
MD	Baltimore	3973 Boston Street	(704) 575-3632	Gordon Thornton
MD	Frederick	7820 Workmans Mill Road, Ste Y	(704) 575-3632	Gordon Thornton
MD	Silver Springs	3852 International Drive	(704) 560-4332	Herbert "Herb" Gray
MD	Gambrells	1404 S Main Chapel Way Ste 108	(410) 356-1201	Stacey Armstead
MD	Potomac	12525 Park Potomac Avenue, Suite-C, Building G	(404) 444-5713	Kaila Caldwell
MD	Montgomery Village	19218 Montgomery Village Avenue, Suite B-11	(404) 444-5713	Kaila Caldwell
MD	Columbia	6480 Dobbins Center	(414) 419-0880	Ahmed Migdadi, DC
MD	Baltimore	6370 York Road	(480) 313-0935	Edward Frees
MD	Bel Air	583 Baltimore Pike	(443) 377-5229	Ilva Burdman
MI	Ann Arbor	2665 Plymouth Road	(734) 658-4826	Thomas Leach
MI	Royal Oak	815 South main Street	(516) 659-8920	Jeffrey Rosenberg, DC
MI	Troy	788 East Big Beaver Rd.	(516) 659-8920	Jeffrey Rosenberg, DC
MI	Livonia	11035 Middlebelt Rd Suite D-125	(719) 306-2910	Ryan Leach
MI	Dearborn Heights	26743 Ford Road	(734) 620-5261	Charles Laiacono
MI	Allen Park	23031 West Outer Drive	(734) 620-5261	Charles Laiacono
MI	Kalamazoo	5167 West Main St.	(440) 570-3561	David Kajganich
MI	Independence Township	5890 Sashabaw Rd	(248) 880-2374	Alan Magyar
MN	Plymouth	3500 Vicksburg Lane North, Suite 200	(612) 889-1219	Christopher Gleize
MN	Roseville	1603 W. County Road C	(612) 618-1349	Gary Meyers
MN	Woodbury	8446 Tamarack Village, Suite #203	(612) 618-1349	Gary Meyers
MN	Eagan	1380 Duckwood Drive, Suite #102	(612) 703-0224	Angela "Angie" Selander
MN	Apple Valley	15050 Cedar Avenue, Suite #104	(612) 703-0224	Angela "Angie" Selander
MN	Bloomington	7913 Southtown Center, #308	(612) 703-0224	Angela "Angie" Selander
MN	Maple Grove	7799 Main Street	(612) 703-0224	Angela "Angie" Selander
MN	Burnsville	722 County Rd. 42 West	(612) 703-0224	Angela "Angie" Selander
MN	Minneapolis	3208 W Lake St.	-	Jason Phillips
MN	Vadnais Heights	969 Co. Rd. E Unit A	(612) 618-1349	Gary Meyers
MN	St. Paul	2136 Ford Pkwy	(612) 730-9842	Chad Johnson
MN	Coon Rapids	12609 Riverdale Blvd Unit 111	(612) 730-9842	Chad Johnson
MO	St. Louis	13327 Manchester Road	(636) 675-0366	Mike Klearman
MO	St. Louis	10759 Sunset Hills Plaza	(217) 418-5029	Byron Clark
MO	St. Louis	8853 Ladue Road	(217) 418-5029	Byron Clark
MO	Saint Peters	6227 Mid Rivers Mall Drive	(314) 368-4059	Greg Busch
MO	Chesterfield	1678 Clarkson Road	(314) 368-4059	Greg Busch
MO	Creve Coeur	11475 Olive Boulevard	(314) 368-4059	Greg Busch

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
MO	Arnold	836 Arnold Commons Drive	(314) 623-0263	Jason Collier
MO	St. Charles	2000 First Capitol Dr. #1982	(708) 369-5145	Kristian Hammond, DC
MO	Columbia	21 East Conley Road, Suite L2	(314) 540-7371	Lon Bernstein
MO	St. Louis	58A North Euclid Ave	(314) 368-4059	Greg Busch
MO	Brentwood	8468 Eager rd.	(314) 805-6150	Brian Deutsch
MO	Springfield	3422 South Glenstone Avenue, Suite H3	(314) 540-7371	Lon Bernstein
MO	Wentzville	1968 Wentzville Parkway	(314) 606-6444	Steven Barnhart
MO	O' Fallon	2028 State Highway K, Suite 108	(314) 368-4059	Greg Busch
MO	St. Louis	5811 Chippewa St.	(217) 418-5029	Byron Clark
MO	Eureka	229 E. 5th Street	(314) 322-9365	Matthew Wise
MO	St. Louis	122 South County Center Way, Suite B	(708) 369-5145	Kristian Hammond, DC
MO	Jefferson City	2111 Missouri Boulevard, Suite H	(314) 540-7371	Lon Bernstein
MO	Festus	1113 West Gannon Drive	(314) 974-6489	Janet Varner
MO	Washington	3016 Phoenix Center Drive	(314) 974-6489	Janet Varner
MS	Southaven	3075 Goodman Road E. Suite #3	(901) 921-4811	Pat Kolwaite, DC
MS	Madison	111 Colony Crossing Way, Suite 480	(254) 681-0429	Ginger Gautier MacNealy
MS	Flowood	266 Dogwood Boulevard Unit 5	(254) 681-0429	Ginger Gautier MacNealy
MS	Hattiesburg	6169 US Hwy 98, Suite 20	(254) 681-0429	Ginger Gautier MacNealy
MT	Missoula	3075 N. Reserve St. Suite G	(406) 250-2361	Joel Robinson
NC	Charlotte	7918 B Rea Road	(414) 419-0880	Ahmed Migdadi, DC
NC	Charlotte	3339 Pineville-Matthews Rd Suite 200	(704) 575-3632	Gordon Thornton
NC	Huntersville	16735 Cranlyn Road, Suite A	(414) 419-0880	Ahmed Migdadi, DC
NC	Charlotte	2121 East Arbors Drive	(704) 975-8352	Alexander "Alex" Klaus
NC	Wilmington	6801 Parker Farm Dr. Ste 130	(704) 975-8352	Alexander "Alex" Klaus
NC	Asheville	1863 Hendersonville Road, Suite 108	(828) 215-6149	Chad Eads
NC	Fayetteville	5075 Morganton Rd. Suite #6	(336) 601-2926	Paul Trindel
NC	Asheville	182 Merrimon Ave.	(828) 215-6149	Chad Eads
NC	Apex	1459 Kelly Road	(919) 744-1975	Heather Sefried, DC
NC	Holly Springs	246 Grand Hill Place	(919) 744-1975	Heather Sefried, DC
NC	Knightdale	4001 Widewaters Parkway, Suite A	(302) 345-8199	Cherese Scotton Bratcher, DC
NC	Jacksonville	3040 Western Boulevard, Unit 300	(336) 601-2926	Paul Trindel
NC	Charlotte	9510 Riverbend Village Drive, Suite K2	(704) 975-8352	Alexander "Alex" Klaus
NC	Concord	350 George W Liles Pkwy., Suite 150	(704) 975-8352	Alexander "Alex" Klaus
NC	 Mooresville	631 Brawley School Road, Suite 408	(704) 975-8352	Alexander "Alex" Klaus
NC	High Point	1589 Skeet Club Road Ste. 132	(704) 906-7922	Susan Train DC
NC	Asheville	275 Smokey Park Hwy Suite 291	(828) 215-6149	Chad Eads
NC	Charlotte	16631 Lancaster Hwy, Suite 108	(704) 906-7922	Susan Train DC
NC	Garner	175 Shenstone Blvd	(919) 744-1975	Heather Sefried, DC
NC	Greenville	703 Greenville Boulevard Ste. 106	(919) 744-1975	Heather Sefried, DC
NC	Southern Pines	1772 Old Morganton Rd.	(336) 601-2926	Paul Trindel
NC	Gastonia	401 Cox Rd. Unit 158	(704) 975-8352	Alexander "Alex" Klaus
NC	Wilmington	3846 Carolina Beach Road	(704) 975-8352	Alexander "Alex" Klaus
NC	Hickory	2535 HWY 70 SE Suite 105	(414) 419-0880	Ahmed Migdadi, DC
NC	Statesville	210 Turnersburg Highway	(325) 656-9752	Benjamin Storey, DC
NE	Lincoln	3302 O Street, Suite D	(319) 929-7853	Jerry Akers
NE	Omaha	12330 K Plaza, Unit 107	(402) 917-8236	Thomas Fitzpatrick
NH	Nashua	219 Daniel Webster Highway	(617) 590-1000	Scott Goodrich
NH	Salem	236 N. Broadway	(617) 590-1000	Scott Goodrich
NH	Manchester	655 South Willow Ste 102	(617) 590-1000	Scott Goodrich
NJ	West Caldwell	758 Bloomfield Ave	(201) 207-3778	Diego Ruiz, DC
NJ	River Edge	1043 Main St.	(973) 703-7008	Anthony Fava, DC

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NJ	Wall Township	1933 Rt 35, Unit 119	(732) 998-1942	Jason Bowers, DC
NV	Las Vegas	7120 N. Durango, Suite H-170	(805) 451-3281	Chris O'Neal
NV	Las Vegas	10220 W. Charleston Blvd., Suite 2	(805) 451-3281	Chris O'Neal
NV	Las Vegas	4150 Blue Diamond Road, Suite #107	(805) 451-3281	Chris O'Neal
NV	Las Vegas	7175 W. Lake Mead Blvd., Suite 180	(805) 451-3281	Chris O'Neal
NV	Las Vegas	9500 S. Eastern Avenue, Suite #120	(805) 451-3281	Chris O'Neal
NV	Henderson	1311 Sunset Road, Suite #105	(805) 451-3281	Chris O'Neal
NV	Reno	5110 Mae Anne Ave., Suite 507	(805) 451-3281	Chris O'Neal
NV	Henderson	1000 N. Green Valley Marketplace	(805) 451-3281	Chris O'Neal
NV	Las Vegas	5060 South Fort Apache Rd., Suite 100	(805) 451-3281	Chris O'Neal
NV	Reno	6395 S. McCarren Blvd, Suite C	(805) 451-3281	Chris O'Neal
NV	Las Vegas	6171 N. Decatur Blvd, Suite #103	(805) 451-3281	Chris O'Neal
NV	Sparks	1560 E Lincoln Way Suite #110	(805) 451-3281	Chris O'Neal
NV	Las Vegas	7385 S. Rainbow Blvd. #140	(805) 451-3281	Chris O'Neal
NV	Carson City	4849 Cochise St., Unit #1	(805) 451-3281	Chris O'Neal
NV	Reno	537 S Meadows Parkway, Suite 110	(805) 451-3281	Chris O'Neal
NV	North Las Vegas	5515 Camino Al Norte , Suite 105	(805) 451-3281	Chris O'Neal
NY	Clifton Park	5 Southside Drive	(704) 575-3632	Gordon Thornton
NY	Brooklyn	111 Prospect Pl.	(602) 565-6806	Khaled Abuwandi, DC
OH	Columbus	845 Bethel Road	(614) 204-4319	Chad Warner
OH	Gahanna	4685 Morse Road, Suite #3270	(614) 204-4319	Chad Warner
OH	Pickerington	10709 Blacklick-Eastern Rd NW Suite 200	(304) 654-4373	Clifford "Dean" Thorniley
OH	Canton	4615 Everhard Rd NW	(330) 936-6841	Stanley Gilreath
OH	Blue Ash	11255 Reed Hartman Hwy, Suite G	(423) 987-6980	Catherine Abrams
OH	Mason	5855 Deerfield Blvd D-102	(423) 987-6980	Catherine Abrams
OH	Toledo	3504 Secor Road, Ste 325	(803) 414-6888	Michael Brubaker
OH	Parma	7713 W. Ridgewood Dr. Unit 924	(440) 840-1278	Brock Thompson
OH	Fairview Park	3560 Westgate Mall Dr	(440) 840-1278	Brock Thompson
OH	Avon	35966 Detroit Road	(440) 840-1278	Brock Thompson
OH	Lorain	5301 Leavitt Rd.	(440) 840-1278	Brock Thompson
OH	Columbus	1286 W 5th Avenue	(304) 654-4373	Clifford "Dean" Thorniley
OH	Cincinnati	2692 Madison Rd. Suite A2	(330) 834-8313	Peter Phillips, DC
OH	Mayfield Heights	1550 Golden Gate Plaza	(330) 834-8313	Peter Phillips, DC
OH	Mentor	9366 Mentor Ave	(330) 834-8313	Peter Phillips, DC
OH	Middleburg Heights	19113 Bagley Rd	(330) 834-8313	Peter Phillips, DC
OH	Cincinnati	7625 Beechmont Avenue Suite D	(330) 834-8313	Peter Phillips, DC
OH	University Heights	13910 Cedar Rd	(330) 834-8313	Peter Phillips, DC
OH	Perrysburg	10630 Fremont Pike, Suite 2	(803) 414-6888	Michael Brubaker
OH	Columbus	5462 Westpointe Plaza Dr	(304) 654-4373	Clifford "Dean" Thorniley
OH	Columbus	1095 Polaris Pkwy	(614) 284-6116	Marc Menhart
OK	Edmond	1193 East 2nd Street	(469) 223-8983	Kevin Hua
OK	Quail Springs	13006 N Pennsylvania Avenue	(469) 223-8983	Kevin Hua
OK	Midwest City	7199 SE 29th Street, Ste. 111	(469) 223-8983	Kevin Hua
OK	Tulsa	7329 S Olympia Ave.	(630) 209-0532	Coreen Cammarano
OK	Tulsa	10824 E 71st St	(630) 209-0532	Coreen Cammarano
OK	Owasso	9046 N. 121th East Ave Suite 400	(630) 209-0532	Coreen Cammarano
OK	Tulsa	5510-B East 41st Street S	(630) 209-0532	Coreen Cammarano
OK	Broken Arrow	835 E Kenosha St.	(630) 209-0532	Coreen Cammarano
OK	Norman	1912 NW 24th	(469) 223-8983	Kevin Hua
OK	Yukon	12408 NW 10th St. Ste 104	(469) 223-8983	Kevin Hua
OK	Oklahoma City	1704-A Belle Isle Blvd	(405) 408-1222	Brent Siemens, DC

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OR	Beaverton	14600 SW Murray Scholls Drive #102	(805) 451-3281	Chris O'Neal
OR	Happy Valley	9363 SE 82nd Avenue	(805) 451-3281	Chris O'Neal
OR	Hillsboro	7162 NE Cornell Road	(805) 451-3281	Chris O'Neal
OR	Wood Village	832 NE 223rd Avenue	(805) 451-3281	Chris O'Neal
OR	Happy Valley	17105 SE Sunnyside Rd Ste. 148	(805) 451-3281	Chris O'Neal
OR	Beaverton	2905 SW Cedar Hills Blvd. Suite 115	(805) 451-3281	Chris O'Neal
OR	Portland	1525 NW 21st Ave.	(805) 451-3281	Chris O'Neal
OR	Bend	20504 Robal Lane Suite 110	(415) 513-2714	Jacob Vink
PA	Pittsburgh	8874 Covenant Ave.	(412) 400-9092	Justin Shemenski D.C.
PA	Newtown Square	3520 West Chester Pike	(919) 744-1975	Heather Sefried, DC
PA	Huntingdon Valley	2162 County Line Rd	(215) 421-3223	Gene Fish, DC
PA	Pittsburgh	1830 Settlers Ridge Center Dr.	(412) 874-2818	Joseph Spehar
SC	Greenville	400 East McBee Avenue, Suite 103	(864) 415-4191	Michael "Mici" Fluegge
SC	Greenville	1140 Woodruff Road	(864) 415-4191	Michael "Mici" Fluegge
SC	Mt. Pleasant	616 C Long Point Rd.	(843) 364-1665	Lindin Carper
SC	Spartanburg	127 E. Blackstock Road, Suite #500	(864) 415-4191	Michael "Mici" Fluegge
SC	Taylors	6015 Wade Hampton Blvd. Suite D	(864) 415-4191	Michael "Mici" Fluegge
SC	Summerville	464 D Azalea Square Blvd.	(843) 364-1665	Lindin Carper
SC	Charleston	975 Savannah Highway	(843) 364-1665	Lindin Carper
SC	Anderson	3501 Clemson Blvd, Suite #11	(864) 415-4191	Michael "Mici" Fluegge
SC	Columbia	4710 Forest Drive, Suite C	(803) 238-4100	Robert Keen
SC	Columbia	252 Harbison Blvd, Suite O	(803) 238-4100	Robert Keen
SC	Fort Mill	1751 Pleasant Road, Suite #103	(803) 517-3763	C. Kyle Curtis
SC	Aiken	258 Eastgate Drive, Suite #5	(843) 607-2481	Michael Spivey
SC	North Charleston	9500 Dorchester Road, Suite #182	(843) 364-1665	Lindin Carper
SC	Lexington	5454 Sunset Boulevard, suite B	(803) 238-4100	Robert Keen
SC	Columbia	961 Roberts Branch Parkway, Suite 103	(803) 238-4100	Robert Keen
SC	Rock Hill	2674 Celanese Road, Suite 105	(803) 517-3763	C. Kyle Curtis
SC	North Myrtle Beach	1236 Hwy 17 North	(704) 975-8352	Alexander "Alex" Klaus
SC	Greenville	3612 Pelham Road Suite C	(864) 415-4191	Michael "Mici" Fluegge
SC	Spartanburg	1855 E Main St. Ste. #18	(864) 415-4191	Michael "Mici" Fluegge
SC	Seneca	13150 Clemson Blvd	(864) 415-4191	Michael "Mici" Fluegge
SC	Greenwood	479 Bypass 72 NW	(843) 607-2481	Michael Spivey
SC	North Augusta	314 E. Martintown Road Unit 15	(843) 607-2481	Michael Spivey
TN	Brentwood	782 Old Hickory Blvd, Suite #111	(858) 692-4590	Christopher "Chris" Kemper
TN	Nashville	2817 West End Avenue, Suite #136	(858) 692-4590	Christopher "Chris" Kemper
TN	Franklin	545 Cool Springs Blvd #125	(858) 692-4590	Christopher "Chris" Kemper
TN	Mt. Juliet	401 S Mt. Juliet Road Suite 245	(615) 429-8245	William "Barry" Goodman
TN	Memphis	2200 N. Germantown Parkway, Suite #15	(901) 921-4811	Pat Kolwaite, DC
TN	Collierville	3592 S. Houston Levee Rd. Suite 104	(901) 921-4811	Pat Kolwaite, DC
TN	Memphis	5955 Poplar Avenue, Suite 104	(901) 921-4811	Pat Kolwaite, DC
TN	Murfreesboro	536 N. Thompson Ln. Suite B	(858) 692-4590	Christopher "Chris" Kemper
TN	Clarksville	920 US Hwy 76, Unit 70	(704) 724-7115	Christina Judon DC
TN	Hixson	5928 Hixson Pike, Ste. 116	(480) 861-6899	Timothy Vitullo
TN	Chattanooga	313 Manufacturers Road suite C-113	(480) 861-6899	Timothy Vitullo
TN	Chattanooga	2228 Gunbarrel Road #134	(480) 861-6899	Timothy Vitullo
TN	Knoxville	11015 Parkside Drive	(615) 390-1134	William Ronald Nichols
TN	Knoxville	5508 Kingston Pike, Suite 150	(615) 390-1134	William Ronald Nichols
TN	Nashville	1110 Gallatin Ave	(858) 692-4590	Christopher "Chris" Kemper
TN	Murfreesboro	149 Wendellwood Drive	(858) 692-4590	Christopher "Chris" Kemper
TN	Hermitage	5205 Old Hickory Blvd Suite #102	(615) 293-7723	Atul "Ash" Kumar

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TN	Smyrna	661 President Pl. Suite 639	(615) 293-7723	Atul "Ash" Kumar
TN	Nashville	2290 Murfreesboro Rd.	(858) 692-4590	Christopher "Chris" Kemper
TN	Nashville	2613 Franklin Pike, #102	(858) 692-4590	Christopher "Chris" Kemper
TN	Hendersonville	1006 Glenbrook Way, Ste. 120	(615) 293-7723	Atul "Ash" Kumar
TN	Goodlettsville	324 Long Hollow Pike, suite 205	(508) 246-8498	William Thomason
TN	Nashville	7630 Highway 70 South, Suite 302	(615) 429-8245	William "Barry" Goodman
TN	Jackson	3189 N. Highland Suite B	(615) 429-8245	William "Barry" Goodman
TN	Knoxville	2443 Callahan Drive	(615) 423-7436	Kathryn Jessie
TN	Cleveland	698 Paul Huff Parkway	(480) 861-6899	Timothy Vitullo
TN	Sevierville	750 Winfield Dunn Parkway, Suite 160	(615) 681-2932	Joseph Jessie
TN	Johnson City	2112 West Market St. Suite # 70	(865) 944-8485	James David "Dave" Eads
TN	Memphis	1616 Union Avenue	(901) 921-4811	Pat Kolwaite, DC
TN	Bartlett	6045 Stage Rd Suite 66	(901) 921-4811	Pat Kolwaite, DC
TN	Cookeville	377 W Jackson St	(509) 994-7056	Benjamin Peterson
TX	Austin	4970 W. Highway 290, Suite #480	(512) 968-2282	Larry D. Maddalena, DC
TX	Red Oak	109 East Ovilla Road #300	(214) 463-7227	Nathan Byard
TX	Round Rock	200 University Blvd, Suite 105	(512) 415-6405	Donald Daniels, DC
TX	Denton	1400 S. Loop 288, Ste 106	(940) 435-0505	Justin Tomblin, DC
TX	Mission	2401 E. Expressway 83, Suite #300	(956) 600-5195	Leo Thatcher Jr., DC
TX	Austin	10710 Research Blvd, Suite #112	(512) 415-6405	Donald Daniels, DC
TX	Houston	7037 Highway 6 North	(203) 273-1209	Peter Mistretta
TX	The Colony	6225 N Josey Ln.	(630) 803-1541	Philip "Phil" Davis
TX	Houston	12020 FM 1960 West, Suite #980	(203) 273-1209	Peter Mistretta
TX	Houston	2612 S Shepherd Drive, Suite A	(713) 539-4055	Ben Crawford
TX	Houston	9778 Katy Freeway, Suite #325	(713) 539-4055	Ben Crawford
TX	Houston	5885 San Felipe, Suite 275	(713) 539-4055	Ben Crawford
TX	Houston	19620 Katy Freeway	(203) 273-1209	Peter Mistretta
TX	Katy	6725 S. Fry Road, Suite #500	(203) 273-1209	Peter Mistretta
TX	Dallas	3699 McKinney Avenue, Building D, Suite #404	(630) 803-1541	Philip "Phil" Davis
TX	Fort Worth	2916 Texas Sage Trail	(630) 803-1541	Philip "Phil" Davis
TX	Dallas	7700 W. Northwest Highway, Suite #200	(630) 803-1541	Philip "Phil" Davis
TX	Carrollton	3400 East Hebron Parkway, Suite #112	(630) 803-1541	Philip "Phil" Davis
TX	Plano	8240 Preston Road, Suite #165	(630) 803-1541	Philip "Phil" Davis
TX	North Richland Hills	9120 North Tarrant Pkwy, Suite 140	(630) 803-1541	Philip "Phil" Davis
TX	Flower Mound	3750 Long Prairie Road, Suite #110	(630) 803-1541	Philip "Phil" Davis
TX	Richardson	1415 E. Renner Rd. #220	(630) 803-1541	Philip "Phil" Davis
TX	Coppell	106 North Denton Tap Road, Ste 270	(630) 803-1541	Philip "Phil" Davis
TX	Southlake	1161 E. Southlake Blvd., Suite 210	(630) 803-1541	Philip "Phil" Davis
TX	Irving	6761 N. Macarthur Blvd., Suite 100	(630) 803-1541	Philip "Phil" Davis
TX	Dallas	7150 Skillman #130	(630) 803-1541	Philip "Phil" Davis
TX	Fort Worth	4540 Bailey Boswell Rd., Suite 170	(630) 803-1541	Philip "Phil" Davis
TX	Houston	3177 W. Holcombe Blvd.	(512) 269-8741	Kayla Terry
TX	Houston	360 Meyerland Plaza Mall	(713) 539-4055	Ben Crawford
TX	Houston	174 Yale Street, Suite #500	(713) 539-4055	Ben Crawford
TX	League City	1620 W. FM 646, Suite A	(713) 828-4784	Barbot McNabb
TX	Pearland	2810 Business Center Drive, Suite #134	(713) 828-4784	Barbot McNabb
TX	Sugar Land	15870 Southwest Freeway, Suite #100	(281) 797-7982	Joseph Craft
TX	Sugar Land	18841 University Blvd, STE 410	(281) 797-7982	Joseph Craft
TX	Arlington	4001 Arlington Highlands, Suite #161	(214) 274-1078	Vincent Mai
TX	Fort Worth	4601 West Freeway, Suite #204	(214) 274-1078	Vincent Mai
TX	Mansfield	1560 E Debbie Ln, suite 104	(214) 274-1078	Vincent Mai

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TX	Spring	8701 Spring Cypress Road, Suite B	(832) 527-4119	Noah Stone
TX	Houston	10927 Louetta Road, Suite #220	(832) 527-4119	Noah Stone
TX	Spring	21212 Kuykendahl Road, Suite J	(832) 527-4119	Noah Stone
TX	The Woodlands	9595 Six Pines Drive, Suite #1470	(832) 527-4119	Noah Stone
TX	Magnolia	6519 FM 1488, Suite #513	(832) 527-4119	Noah Stone
TX	The Woodlands	6777 Woodlands Parkway, Suite 308	(832) 527-4119	Noah Stone
TX	Houston	9650 Westheimer Road, Unit #300	(214) 274-1078	Vincent Mai
TX	Houston	14008 Memorial Drive, Unit E	(832) 314-3258	Charlie Rice
TX	Austin	8916 Brodie Lane, Suite 500	(512) 415-6405	Donald Daniels, DC
TX	Cedar Park	2800 E. Whitestone Blvd, Suite #220	(806) 441-9094	Ronald Bostick
TX	Austin	14028 N. Hwy 183, #150	(806) 441-9094	Ronald Bostick
TX	Austin	5720B Burnet Rd.	(806) 441-9094	Ronald Bostick
TX	Corpus Christi	5425 South Padre Island Drive, Suite #146	(512) 415-6405	Donald Daniels, DC
TX	Austin	7301 Ranch Road 620 N. Suite 125	(806) 441-9094	Ronald Bostick
TX	Conroe	1317 West Davis St., Suite C-1	(832) 527-4119	Noah Stone
TX	Fort Worth	4825 Overton Ridge Blvd Suite 316	(214) 274-1078	Vincent Mai
TX	Cypress	25626 Northwest Freeway Suite 700	(203) 273-1209	Peter Mistretta
TX	Austin	9500 South IH-35, Suite L-725	(512) 751-3383	Catherine DeLoof
TX	Austin	1801 E. 51st Street, Building A, Suite #130	(512) 751-3383	Catherine DeLoof
TX	San Antonio	10003 NW Military Highway, Suite #2110	(432) 557-1955	Billy Perkins
TX	San Antonio	5238 DeZavala Road, Suite #116	(432) 557-1955	Billy Perkins
TX	San Antonio	9110 N. Loop 1604 W. Suite 109	(815) 342-4203	James "Jim" Fender
TX	Lubbock	1901 Quaker Avenue, Suite #104	(806) 441-9094	Ronald Bostick
TX	Pasadena	5681 Fairmont Parkway, Suite A	(713) 921-1784	Timothy McKinley, DC
TX	Eules	2131 Highway 121, Suite 300	(630) 803-1541	Philip "Phil" Davis
TX	McKinney	6150 West Eldorado Parkway	(630) 803-1541	Philip "Phil" Davis
TX	Allen	816 W McDermott Dr. Ste. 324	(630) 803-1541	Philip "Phil" Davis
TX	Dallas	9440 Garland Road ste 166	(630) 803-1541	Philip "Phil" Davis
TX	Dallas	15212 Montfort Dr, Ste 318	(630) 803-1541	Philip "Phil" Davis
TX	Rowlett	3005 Lakeview Pkwy #101	(630) 803-1541	Philip "Phil" Davis
TX	San Antonio	5519 N. W. Loop 1604, Suite 103	(432) 425-6037	Drew Perkins, DC
TX	Kingwood	4521 Kingwood Dr. suite 160	(203) 273-1209	Peter Mistretta
TX	Humble	7116 FM1960 E	(203) 273-1209	Peter Mistretta
TX	Webster	19431 Gatebrook Drive, #2	(713) 828-4784	Barbot McNabb
TX	Pearland	2680 Pearland Pkwy Suite 140	(713) 828-4784	Barbot McNabb
TX	Universal City	902 Kitty Hawk, St. 180	(512) 415-6405	Donald Daniels, DC
TX	San Antonio	1150 N. Loop 1604 W., St. 138	(512) 415-6405	Donald Daniels, DC
TX	Baytown	6503 Garth Road, Suite 120	(832) 606-2547	Andres A. Perez, DC
TX	Houston	2105 Yale Street	(713) 539-4055	Ben Crawford
TX	Georgetown	900 North Austin Ave., Suite 502	(512) 335-9845	Russell Kriewald
TX	Austin	2501 W Parmer Ln., Suite #600	(214) 876-3777	Jody O'Donnell
TX	Round Rock	737 Louis Henna Blvd., Suite 200	(512) 415-6405	Donald Daniels, DC
TX	San Antonio	1724 N. Loop 1604 E., Suite 120	(512) 415-6405	Donald Daniels, DC
TX	San Antonio	118 Mt Calvary Dr #104	(512) 415-6405	Donald Daniels, DC
TX	Brownsville	3230 Pablo Kisel Blvd Suite E-108	(956) 559-0054	Jorge Enrique Talamas Tafich
TX	Temple	3038 South 31st Street	(432) 425-6037	Drew Perkins, DC
TX	Killeen	1103 West Stan Schlueter Loop, Building B, Suite 500	(432) 425-6037	Drew Perkins, DC
TX	College Station	11671 FM 2154 Suite 150	(432) 425-6037	Drew Perkins, DC
TX	Waco	2324 Marketplace Dr. Suite 115	(432) 425-6037	Drew Perkins, DC
TX	Fort Worth	12584 N. Beach Street, Suite 114	(630) 803-1541	Philip "Phil" Davis

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
TX	Prosper	4740 West University, suite 140	(630) 803-1541	Philip "Phil" Davis
TX	Katy	22720 Morton Ranch Rd., Suite #120	(203) 273-1209	Peter Mistretta
TX	Rosenberg	4130 FM 762 Suite 300	(832) 643-5636	Volkan Guzel, DC
TX	Richmond	10415 West Grand Parkway South Ste. 120	(832) 643-5636	Volkan Guzel, DC
TX	Fulshear	27120 Fulshear Bend Dr., Suite 300	(832) 643-5636	Volkan Guzel, DC
TX	Grand Prairie	3148 State Hwy 161, Ste. 430	(469) 223-8983	Kevin Hua
TX	Amarillo	2221 Georgia St S	(806) 441-9094	Ronald Bostick
TX	Lubbock	4409 114th St. Suite 150	(806) 441-9094	Ronald Bostick
TX	Austin	1011 E 5th Street Suite 110	(512) 335-9845	Russell Kriewald
TX	New Braunfels	1659 State Hwy 46 West, Suite 170	(432) 425-6037	Drew Perkins, DC
TX	West Lake Hills	701 S Capital of Texas Hwy Suite D475	(806) 441-9094	Ronald Bostick
TX	San Antonio	2716 SW Military Dr., Suite 102	(210) 763-6276	Eric Cech
TX	Arlington	1707 N Collins St. Suite 131	(630) 803-1541	Philip "Phil" Davis
TX	Murphy	222 E FM 544, Suite 204	(630) 803-1541	Philip "Phil" Davis
TX	Lakeway	2009 Main Street Suite 400	(806) 441-9094	Ronald Bostick
TX	Cedar Hill	428 E FM 1382 Suite B	(469) 223-8983	Kevin Hua
TX	Fort Worth	2600 W 7th St, Suite 140	(469) 223-8983	Kevin Hua
TX	Fort Worth	9660 Ten Gallon Drive	(469) 223-8983	Kevin Hua
TX	Rockwall	1053 E IH 30 Ste. 113	(469) 223-8983	Kevin Hua
TX	Houston	11350 Northwest Fwy, Suite D	(713) 539-4055	Ben Crawford
TX	Houston	120 Westheimer Rd, Suite B	(713) 539-4055	Ben Crawford
TX	Laredo	7815 McPherson Road Ste. 108A	(512) 431-2275	Glen Shillinglaw
TX	San Antonio	18427 Rim Dr.	(432) 425-6037	Drew Perkins, DC
TX	San Antonio	10722 Potranco Road, Suite 105	(432) 425-6037	Drew Perkins, DC
TX	Hurst	760 W. Pipeline Rd, Suite 202	(630) 803-1541	Philip "Phil" Davis
TX	Oak Cliff	1515 N. Cockrell Hill Rd. #104	(630) 803-1541	Philip "Phil" Davis
TX	Hutto	2098 Muirfield Bend Dr. Suite 125	(815) 342-4203	James "Jim" Fender
TX	Mesquite	1519 N. Town East Blvd. Suite 200	(630) 803-1541	Philip "Phil" Davis
TX	Houston	9203 S. Texas 6, Suite #118	(214) 274-1078	Vincent Mai
TX	Harlingen	2205 W Lincoln Street	(956) 559-0054	Jorge Enrique Talamas Tafich
TX	McAllen	8001 N 10th St. Ste 170	(956) 600-5195	Leo Thatcher Jr., DC
TX	San Antonio	2935 Thousand Oaks Dr., Suite 1	(512) 415-6405	Donald Daniels, DC
TX	McKinney	1871 N Lake Forest Drive Suite 300	(630) 803-1541	Philip "Phil" Davis
TX	Plano	4701 W. Park Blvd. #102	(630) 803-1541	Philip "Phil" Davis
TX	Little Elm	2701 Little Elm Parkway, Suite 110	(630) 803-1541	Philip "Phil" Davis
TX	Midland	4400 N Midland Drive Suite 401	(325) 665-0876	Scott Wofford DC
TX	Greater Hobby	9990 Almeda Genoa Road, Suite 300	(713) 828-4784	Barbot McNabb
TX	El Paso	6450 Desert Boulevard Building E, Suite 104	(806) 441-9094	Ronald Bostick
TX	El Paso	1325 George Dieter Dr, Suite E04	(806) 441-9094	Ronald Bostick
TX	El Paso	14011 Pebble Hills Boulevard, Suite 109	(806) 441-9094	Ronald Bostick
TX	Arlington	5335 W. Sublett Rd, Suite141	(214) 274-1078	Vincent Mai
TX	Lake Worth	6560 Lake Worth Blvd. Ste 500	(214) 274-1078	Vincent Mai
TX	Burleson	1169 N. Burleson Bvd. Ste. 103	(214) 274-1078	Vincent Mai
TX	Weatherford	116-142 East Interstate 20	(214) 274-1078	Vincent Mai
TX	Midlothian	2210 F.M. 663, Suite 112	(214) 274-1078	Vincent Mai
TX	Houston	340 FM 1960 West	(214) 274-1078	Vincent Mai
TX	Humble	9490 FM 1960, Suite 400	(214) 274-1078	Vincent Mai
TX	San Antonio	8223 Marbach Rd., Suite 111	(214) 876-3777	Jody O'Donnell
TX	San Angelo	2926 Sherwood Way Suite 100	(325) 656-9752	Benjamin Storey, DC
TX	Tomball	14040 Farm to Market 2920	(832) 527-4119	Noah Stone
TX	Houston	6915 FM 1960 West Ste I	(214) 274-1078	Vincent Mai

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
TX	Tyler	8930 S Broadway Suite 208	(432) 557-1955	Billy Perkins
TX	Beaumont	3850 College St.	(713) 539-4055	Ben Crawford
TX	Houston	15419 Wallisville Rd. Suite B	(832) 606-2547	Andres A. Perez, DC
TX	Abilene	3773 Catclaw Drive	(325) 665-0876	Scott Wofford DC
TX	Waxahachie	1035 N. Highway 77 Suite 300	(972) 841-8321	Paul Liechty, DC
TX	Seagoville	312 North Highway 175	(972) 841-8321	Paul Liechty, DC
TX	Kemah	401 FM 518 Suite B	(713) 828-4784	Barbot McNabb
TX	Houston	735 Gulfgate Center Mall	(972) 922-7478	Chancellor Foulks, DC
TX	San Marcos	102 Wonder World Drive, Suite 405 78666	(432) 557-1955	Billy Perkins
TX	Kyle	5029 Kyle Centre Drive	(432) 557-1955	Billy Perkins
TX	Fort Worth	9009 Tehama Ridge Pkwy	(630) 803-1541	Philip "Phil" Davis
TX	Denton	2520 W. University Dr. #1154	(630) 803-1541	Philip "Phil" Davis
TX	Garland	4170 Lavon Dr. Suite 160	(630) 803-1541	Philip "Phil" Davis
TX	Forney	575 marketplace boulevard	(630) 803-1541	Philip "Phil" Davis
TX	Prosper	750 Richland Blvd #70	(630) 803-1541	Philip "Phil" Davis
TX	Sherman	3903 U.S. 75	(940) 435-0505	Justin Tomblin, DC
TX	Longview	3080 N Eastman Road #114	(214) 769-2810	Robert Beason Jr.
TX	Texarkana	3630 Richmond road	(214) 769-2810	Robert Beason Jr.
TX	Wichita Falls	3701 Fairway, Suite 108	(325) 665-0876	Scott Wofford DC
TX	San Antonio	22100 Bulverde Rd Ste. 110	(432) 425-6037	Drew Perkins, DC
TX	Houston	3500 Little York Road, Suite B5	(972) 922-7478	Chancellor Foulks, DC
TX	Georgetown	4500 Williams Drive, Suite 228	(512) 335-9845	Russell Kriewald
TX	Duncanville	255 S. Cedar Ridge Drive, Ste. 255	(972) 922-7478	Chancellor Foulks, DC
TX	Lake Jackson	117 Highway 332 West, Suite D	(512) 269-8741	Kayla Terry
TX	Spring	3540 Rayford Rd	(832) 527-4119	Noah Stone
TX	Baytown	8808 Highway 146	(832) 606-2547	Andres A. Perez, DC
UT	Salt Lake City	1126 E. 2100 S.	(775) 313-4448	Ryan Rowell, DC
UT	Cottonwood Heights	6910 Highland Drive	(801) 243-9181	Bradley "Brad" Hendricks, DC
UT	Sandy	9192 South Village Shop Drive	(832) 208-3067	Paul Davis, DC
UT	American Fork	356 North 750 West, Unit D-1	(805) 451-3281	Chris O'Neal
UT	South Jordan	11463 S. District Drive, Suite #100	(805) 451-3281	Chris O'Neal
UT	Orem	575 E. University Parkway, Suite M222	(805) 451-3281	Chris O'Neal
UT	Farmington	158 N. Central Ave	(805) 451-3281	Chris O'Neal
UT	Spanish Fork	409 E 1000 N	(520) 450-0962	Mike Starkey
UT	West Valley City	5567 West High Market Dr, Suite K-300	(801) 787-0251	Nicholas Broadhead
UT	West Jordan	7643 S Jordan Landing Blvd, #140	(801) 787-0251	Nicholas Broadhead
UT	Riverdale	1061 W. Riverdale Rd.	(805) 451-3281	Chris O'Neal
UT	Draper	213 E 12300 S H-2	(832) 208-3067	Paul Davis, DC
UT	St. George	599 South Mall Drive, Space K-4	(801) 787-0251	Nicholas Broadhead
UT	West Bountiful	255 North 500 West, Suite A1	(805) 451-3281	Chris O'Neal
UT	Layton	210 South Fort Lane, Ste. 4	(805) 451-3281	Chris O'Neal
UT	Park City	1570 Newpark Blvd. Suite D-3	(805) 452-7353	Thaddeus Jacobs
UT	Logan	1430 N Main St., Suite 120	(408) 315-4651	Jason Kenney
UT	Taylorsville	1859 W 5400 South	(805) 451-3281	Chris O'Neal
UT	Millcreek	1775 E Murray Holladay Rd.	(775) 313-4448	Ryan Rowell, DC
UT	Salt Lake City	358 S 700 E Suite D	(775) 313-4448	Ryan Rowell, DC
UT	Saratoga Springs	191 W Crossroads Blvd Ste A	(805) 451-3281	Chris O'Neal
UT	Ogden	185 W. 12th Street, Suite C	(805) 451-3281	Chris O'Neal
UT	St. George	1973 W. Sunset blvd	(801) 787-0251	Nicholas Broadhead
UT	Herriman	5522 West 13400 South	(805) 451-3281	Chris O'Neal

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
VA	Stafford	325 Garrisonville Road, Suite #102	(570) 497-9478	Wegayehu Gizaw
VA	Glen Allen	11301 West Broad St #107	(704) 575-3632	Gordon Thornton
VA	Richmond	1601 Willow Lawn Dr. 304D	(704) 575-3632	Gordon Thornton
VA	Midlothian	136 Charter Colony Pkwy.	(704) 575-3632	Gordon Thornton
VA	Fairfax	13037-B Lee Jackson Memorial Hwy.	(865) 803-9772	Jarod Rehmann, DC
VA	Sterling	22000 Dulles Retail Center, Suite 108	(704) 575-3632	Gordon Thornton
VA	Alexandria	3690M King Street	(704) 575-3632	Gordon Thornton
VA	Alexandria	6454 Old Beulah Street	(704) 575-3632	Gordon Thornton
VA	Fredericksburg	1285 Carl D. Silver Parkway, Building 22, Suite 3	(540) 642-2976	Andrew Collins
VA	Woodbridge	2475 Prince William Pkwy	(570) 497-9478	Wegayehu Gizaw
VA	Fredericksburg	9857 Patriot Highway	(540) 642-2976	Andrew Collins
VA	Bristow	10402 Bristow Center Drive	(703) 405-1162	Scott Huber
VA	Alexandria	6244 East Little River Turnpike	(215) 460-1222	Justin Velez-Hagan
VA	Alexandria	9538 Old Keene Mill Rd.	(215) 460-1222	Justin Velez-Hagan
VA	Charlottesville	315 Merchant Walk Square Ste. 300	(575) 317-7770	Corey Crane
VA	Christensburg	65 Conston Avenue NW	(703) 405-1162	Scott Huber
VA	Danville	380 Piedmont Mall Dr. Suite 110	(919) 302-7965	Erin Hampton
WA	Vancouver	305 SE Chkalov Drive, Suite 160	(805) 451-3281	Chris O'Neal
WA	Lynnwood	6208 196th Street SW, Suite #103	(516) 429-7426	Witta "Wynn" Payackapan
WA	Vancouver	7901 NE 6th Ave., Suite 105	(805) 451-3281	Chris O'Neal
WA	Mukilteo	11700 Mukilteo Speedway, Suite 203	(206) 618-3738	Richard Greenwell
WA	Bellevue	70 148TH Avenue SE	(516) 429-7426	Witta "Wynn" Payackapan
WA	Bothell	1427 228th St. SE, STE D2	(516) 429-7426	Witta "Wynn" Payackapan
WA	Renton	10705 SE Carr Rd.	(516) 429-7426	Witta "Wynn" Payackapan
WA	University Place	3836 Bridgeport Way W	(408) 315-4651	Jason Kenney
WA	Federal Way	1706 S. 320th St. Suite #	(408) 315-4651	Jason Kenney
WA	Spokane	924 N Division St	(602) 405-0558	Tony Di Giuseppe
WA	Spokane Valley	615 N. Sullivan Rd, Suite C	(602) 405-0558	Tony Di Giuseppe
WA	Spokane	9329 North Newport HWY.	(602) 405-0558	Tony Di Giuseppe
WA	Tumwater	555 Trosper Road SW Suite 103	(516) 429-7426	Witta "Wynn" Payackapan
WA	Everett	12906 Bothell-Everett Highway, Suite C	(404) 353-4987	Greg Graham D.C.
WA	Burlington	1835 S Burlington Blvd, Suite 120	(404) 353-4987	Greg Graham D.C.
WA	Bellingham	1301 W Bakerview Rd	(404) 353-4987	Greg Graham D.C.
WA	Seattle	4704 42nd Ave.	(310) 729-5360	Keith Edwards
WA	Lacey	720 Sleater Kinney Rd SE	(310) 729-5360	Keith Edwards
WA	Woodinville	13930 NE 178th Pl	(406) 250-2361	Joel Robinson
WA	Milton	900 Meridan Avenue East Suite 20A	(206) 900-1895	Ilmo Ahn, DC
WI	Brookfield	17000 W. Bluemound Road, Unit #105	(505) 474-9324	Marcus Constantine
WI	Fitchburg	6317 McKee Road, suite 400	(608) 239-0617	Shawn Briquetelet
WI	Madison	728 S. Gammon Rd.	(608) 239-0617	Shawn Briquetelet
WI	Madison	4706 E. Towne Blvd.	(608) 239-0617	Shawn Briquetelet
WI	Oak Creek	8645 S. Howell Ave Suite 200	(414) 550-8521	Thomas Donahue
WI	Waukesha	1190 West Sunset Drive, Suite 102	(505) 474-9324	Marcus Constantine
WI	Mequon	10972 N. Port Washington Rd	(505) 474-9324	Marcus Constantine
WI	Appleton	3825 E Calumet Street #200	(920) 740-6608	Troy Ochowicz
WI	Racine	5502 Washington Ave, Suite 700	(414) 550-8521	Thomas Donahue
WI	West Allis	3015 S. 108th St.	(505) 474-9324	Marcus Constantine
WI	Weston	3910 Schofield Ave. #7A	(608) 698-7274	Lisa Briquetelet
WI	Hales Corners	5760 S 108th St	(505) 474-9324	Marcus Constantine
WI	Green Bay	2476 South Oneida St.	(608) 239-0617	Shawn Briquetelet
WI	Milwaukee	1427 N Jefferson St	(505) 474-9324	Marcus Constantine

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
WV	Morgantown	358 Suncrest Towne Center Drive	(304) 282-9114	Kristina Smith

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2023.

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
AK	To Be Determined	To Be Determined	(907) 707-3908	James Petersen, DC
AL	Prattville	1498 Cotton Exchange	(334) 685-0323	Artresha "Tresha" Brown
AL	Anniston	To Be Determined	(425) 387-8316	Kip Rapp
AL	Fairhope/Gulf Shores	To Be Determined	(256) 590-9326	James Wesson
AL	Florence	To Be Determined	(256) 527-8468	Robert "Blake" Cantrell
AL	Alabaster	To Be Determined	(386) 690-5524	Raveenkumar Jayeshbhai Patel
AL	Alabaster	To Be Determined	(386) 690-5524	Raveenkumar Jayeshbhai Patel
AZ	Buckeye	I-10 and Verrado Way	(602) 405-0558	Tony Di Giuseppe
AZ	To Be Determined	To Be Determined	(602) 405-0558	Tony Di Giuseppe
AZ	Gilbert	To Be Determined	(480) 639-8833	Craig Peterson, DC
AZ	To Be Determined	To Be Determined	(602) 625-6382	Greg Sarandi
AZ	To Be Determined	To Be Determined	(602) 750-2225	Adam Wagner, DC
CA	To Be Determined	To Be Determined	(404) 353-4987	Greg Graham D.C.
CA	To Be Determined	To Be Determined	(831) 596-1170	Marissa Carlisle
CA	To Be Determined	To Be Determined	(831) 596-1170	Marissa Carlisle
CA	To Be Determined	To Be Determined	(404) 353-4987	Greg Graham D.C.
CA	Watsonville	999 Main Street, Suite 3	(831) 596-1170	Marissa Carlisle
CA	Daly City	348 Gellert Blvd	(925) 588-1978	Jacqueline Walker
CA	Fresno	To Be Determined	(480) 392-2810	Daniel Rae D.C.
CA	Turlock	3212 W Monte Vista Ave	(916) 761-1949	Waseem Nazir
CA	San Jose	1780 Story Road	(805) 451-3281	Chris O'Neal
CA	Roseville	2010 Blue Oaks Blvd	(805) 451-3281	Chris O'Neal
CA	To Be Determined	To Be Determined	(925) 588-1978	Jacqueline Walker
CA	To Be Determined	To Be Determined	(805) 903-2000	Thomas Burgett
CA	To Be Determined	To Be Determined	(404) 353-4987	Greg Graham D.C.
CA	To Be Determined	To Be Determined	(916) 838-8587	Scott Beavers DC
CA	To Be Determined	To Be Determined	(310) 774-2820	Adolfo "Anthony" Rueda Jr
CA	To Be Determined	To Be Determined	(805) 903-2000	Thomas Burgett
CA	To Be Determined	To Be Determined	(916) 761-1949	Waseem Nazir
CA	To Be Determined	To Be Determined	(916) 761-1949	Waseem Nazir
CO	To Be Determined	To Be Determined	(303) 557-8193	Eric Brunner
CO	Pueblo	1617 W Highway 50	(303) 709-5779	Joseph "Joe" Forte
CO	To Be Determined	To Be Determined	(303) 918-0370	Jeremy Casagrande, DC
CT	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
CT	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
CT	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
CT	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
DC	Washington DC	721 D Street	(727) 492-8784	Richard 'ned' Hull
DE	To Be Determined	To Be Determined	(302) 345-8199	Cherese Scotton Bratcher, DC
DE	To Be Determined	To Be Determined	(302) 345-8199	Cherese Scotton Bratcher, DC
FL	To Be Determined	To Be Determined	(404) 316-1038	Jeff McGinty
FL	Miami	3201 N Miami Ave #105	(469) 223-8983	Kevin Hua
FL	Miami	13630 S 120th St, Suite A-220	(469) 223-8983	Kevin Hua
FL	Miami	11469 SW 40th Street	(469) 223-8983	Kevin Hua

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
FL	Orlando	8675 Fenton Street, Suite 130	(609) 680-7658	Khyati "Kathy" Bhatt
FL	Miami	13101 SW 89th Place Ste. 107	(469) 223-8983	Kevin Hua
FL	Deerfield Beach	3319 west hillsboro Boulevard	(469) 223-8983	Kevin Hua
FL	Zephyrhills	7868 Gall Boulevard	(630) 209-0532	Coreen Cammarano
FL	Land O' Lakes	2121 Collier Pkwy	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	Ocala	2701 sw college rd suite A07	(919) 924-8108	Rita Sellers
FL	To Be Determined	To Be Determined	(919) 924-8108	Rita Sellers
FL	To Be Determined	To Be Determined	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(305) 965-2222	Carlos Nunez
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(720) 275-0974	Ernest "Ernie" Arellano
FL	To Be Determined	To Be Determined	(305) 850-8196	David Hutsell
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(404) 840-0289	Robert Barbieri
FL	To Be Determined	To Be Determined	(404) 840-0289	Robert Barbieri
FL	Palm Beach Gardens	11648 US Highway One Suite 140-145	(973) 703-7008	Anthony Fava, DC
FL	To Be Determined	To Be Determined	(770) 680-7418	Kevin Bock
FL	Vero Beach	TBD	(314) 540-7371	Lon Bernstein
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	Tampa	7002 Gunn Hwy	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(815) 275-8002	Gregory Kilbride
FL	To Be Determined	To Be Determined	(435) 773-5294	Bryson Smith
GA	Austell	1757 East West Connector, Suite 470	(404) 759-7204	Lawrence Rich
GA	McDonough	920 Highway 81 East	(770) 328-3706	Paul Kaiser
GA	To Be Determined	To Be Determined	(404) 428-3166	Anne Gerretzen-Michaud
GA	To Be Determined	To Be Determined	(404) 797-6088	Patrick Greco, DC
GA	Warner Robins	2624 Watson Blvd	(678) 770-3436	Shriniwas Dulori
GA	To Be Determined	To Be Determined	(512) 914-4253	Ketan Bhagat
IA	To Be Determined	To Be Determined	(410) 591-0183	Brooke Everson
ID	Post Falls	To Be Determined	(602) 405-0558	Tony Di Giuseppe
IL	Chicago	To Be Determined	(312) 532-6902	Iliass Najimi, DC
IL	To Be Determined	To Be Determined	(305) 965-9004	Baruch Toledano
IL	Round lake Beach	702 E Rollins RD	(312) 217-3203	Yameen Makda
IN	To Be Determined	To Be Determined	(615) 429-8245	William "Barry" Goodman
IN	Evansville	4428 W. Lloyd Expressway Suite 4444	(615) 429-8245	William "Barry" Goodman
IN	Clarksville	1225 Veteran's Pkwy suite 200	(843) 452-2844	Derek Schroering, DC
IN	Fishers	7824 East 96th street	(314) 322-9365	Matthew Wise
IN	Bloomington	320 South College Mall Road	(615) 429-8245	William "Barry" Goodman
KY	Lexington	To Be Determined	(618) 704-8070	Jonathan Stampfli
KY	Louisville	To Be Determined	(217) 413-8155	Maira Dawood
KY	To Be Determined	To Be Determined	(859) 559-9010	William Frey Jr
KY	Louisville	To Be Determined	(931) 237-4867	Brenda O'Neil D.C.
LA	Slidell	To Be Determined	(870) 918-7425	Jared Black

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
MA	Boston	8 Allstate Rd	(562) 261-3333	Dwayne Acoba, DC
MA	To Be Determined	To Be Determined	(805) 452-7353	Thaddeus Jacobs
MA	To Be Determined	To Be Determined	(617) 653-6065	William "Bill" Morgan
MD	To Be Determined	To Be Determined	(480) 313-0935	Edward Frees
MD	College Park	7200 Baltimore Ave	(704) 560-4332	Herbert "Herb" Gray
MD	Lanham	9301 Woodmore Centre Drive, Suite 509	(404) 444-5713	Kaila Caldwell
MD	To Be Determined	To Be Determined	(414) 419-0880	Ahmed Migdadi, DC
MD	To Be Determined	To Be Determined	(704) 560-4332	Herbert "Herb" Gray
MD	To Be Determined	To Be Determined	(443) 377-5229	Ilya Burdman
MI	To Be Determined	To Be Determined	(516) 659-8920	Jeffrey Rosenberg, DC
MI	Grand Rapids	6333 Kalamazoo Ave SE	(773) 525-9100	Andrew Knecht, DC
MI	To Be Determined	To Be Determined	(516) 659-8920	Jeffrey Rosenberg, DC
MN	To Be Determined	To Be Determined	(612) 730-9842	Chad Johnson
MO	To Be Determined	To Be Determined	(636) 675-0366	Mike Klearman
MO	TBD Springfield	To Be Determined	(314) 540-7371	Lon Bernstein
MS	Clinton	To Be Determined	(254) 681-0429	Ginger Gautier MacNealy
MT	To Be Determined	To Be Determined	(406) 250-2361	Joel Robinson
MT	Bozeman	1600 N 19th Ave	(406) 250-2361	Joel Robinson
NC	Lexington	1201 Cotton Grove	(325) 656-9752	Benjamin Storey, DC
NC	To Be Determined	To Be Determined	(919) 744-1975	Heather Sefried, DC
NC	To Be Determined	To Be Determined	(336) 601-2926	Paul Trindel
NC	To Be Determined	To Be Determined	(336) 601-2926	Paul Trindel
NC	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
NC	To Be Determined	To Be Determined	(414) 419-0880	Ahmed Migdadi, DC
NJ	To Be Determined	To Be Determined	(201) 207-3778	Diego Ruiz, DC
NY	To Be Determined	To Be Determined	(530) 255-2559	Kavneet Atwal
NY	To Be Determined	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	To Be Determined	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	To Be Determined	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	To Be Determined	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	To Be Determined	To Be Determined	(347) 992-8824	Raja Singh
NY	To Be Determined	To Be Determined	(347) 992-8824	Raja Singh
NY	Staten Island	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	Hempstead	2464 Hempstead Turnpike	(347) 992-8824	Raja Singh
OH	Strongsville	17100 Royalton Road	(440) 840-1278	Brock Thompson
OK	Moore	761 SW 19th street	(469) 223-8983	Kevin Hua
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
OR	Sherwood	16864 SW Edy Rd, Suite 160	(805) 451-3281	Chris O'Neal
OR	Tigard	16200 SW Pacific Hwy, Suite G2	(805) 451-3281	Chris O'Neal
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
PA	To Be Determined	To Be Determined	(570) 994-7644	Travis Gearhart, DC
PA	Pittsburg	To Be Determined	(412) 874-2818	Joseph Spehar
PA	To Be Determined	To Be Determined	(724) 816-7925	David Duffy
PR	To Be Determined	To Be Determined	(407) 617-2615	Jason Comerford, DC
PR	To Be Determined	To Be Determined	(407) 617-2615	Jason Comerford, DC
SC	Powdersville	3552-A Hghway 153	(864) 415-4191	Michael "Mici" Fluegge
SC	To Be Determined	To Be Determined	(864) 415-4191	Michael "Mici" Fluegge
TN	Spring Hill	4884 Port Royal Rd Suite #1	(615) 293-7723	Atul "Ash" Kumar

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>	<u>Owner Name</u>
TN	Maryville	1010 Middle Settlement Rd.	(615) 423-7436	Kathryn Jessie
TN	Clarksville	2298 Trenton Road (Shops A)	(615) 429-8245	William "Barry" Goodman
TX	Houston	6405 West Road	(214) 274-1078	Vincent Mai
TX	Cibolo	170 W Borgfeld Rd	(214) 876-3777	Jody O'Donnell
TX	Odessa	6207 Texas 191	(325) 665-0876	Scott Wofford DC
TX	Missouri City, Texas 77459	20236 Fort Bend Pkwy Suite 220	(281) 797-7982	Joseph Craft
TX	Corpus Christi	5325 Saratoga, Suite 220	(512) 415-6405	Donald Daniels, DC
TX	New Caney	21383 Valley Ranch Blvd., Suite 400	(832) 527-4119	Noah Stone
TX	Georgetown	19388 Ronald Reagan Boulevard, Suite 640	(512) 970-5979	Kevin Stutz
TX	El Paso	12261 Eastlake Boulevard, Suite E506	(806) 441-9094	Ronald Bostick
TX	Houston	14315 E Sam Houston Pkwy N, Suite TBD	(214) 274-1078	Vincent Mai
TX	Victoria	8901 N Navarro St	(325) 665-0876	Scott Wofford DC
TX	Montgomery	18784 Highway 105,	(832) 527-4119	Noah Stone
TX	New Braunfels	272 FM 306, Suite 120	(432) 557-1955	Billy Perkins
TX	Manvel	To Be Determined	(713) 828-4784	Barbot McNabb
TX	San Antonio	5601 Bandera Rd	(214) 876-3777	Jody O'Donnell
TX	To Be Determined	To Be Determined	(214) 876-3777	Jody O'Donnell
TX	North Frisco	To Be Determined	(630) 803-1541	Philip "Phil" Davis
TX	To Be Determined	To Be Determined	(713) 828-4784	Barbot McNabb
TX	To Be Determined	To Be Determined	(325) 665-0876	Scott Wofford DC
UT	To Be Determined	To Be Determined	(805) 451-3281	Chris O'Neal
VA	Lynchburg	8000 Timberlake Rd	(804) 687-1479	Jonathan Ceaser
VA	To Be Determined	To Be Determined	(804) 687-1479	Jonathan Ceaser
VA	To Be Determined	To Be Determined	(804) 687-1479	Jonathan Ceaser
WA	To Be Determined	To Be Determined	(310) 729-5360	Keith Edwards
WA	To Be Determined	To Be Determined	(602) 405-0558	Tony Di Giuseppe
WA	To Be Determined	To Be Determined	(406) 250-2361	Joel Robinson
WA	To Be Determined	To Be Determined	(406) 250-2361	Joel Robinson
WA	To Be Determined	To Be Determined	(435) 773-5294	Bryson Smith
WA	To Be Determined	To Be Determined	(435) 773-5294	Bryson Smith
WA	Bonney Lake	19410 State Hwy 410	(480) 773-9170	David Lee, DC
WI	To Be Determined	To Be Determined	(312) 217-3203	Yameen Makda
WI	Appleton	1017 mutual way	(920) 740-6608	Troy Ochowicz

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

<u>State</u>	<u>City</u>	<u>Current Business Phone or Last Known Home Phone</u>	<u>Owner Name(s)</u>
<u>California</u>	<u>Brentwood</u>	<u>925- 392-1600</u>	<u>Brian Lancaster</u>
<u>California</u>	<u>Castro Valley</u>	<u>510-800-6092</u>	<u>Brian Lancaster</u>
<u>California</u>	<u>Concord</u>	<u>925- 297-1791</u>	<u>Brian Lancaster</u>
<u>Florida</u>	<u>Orlando</u>	<u>321- 274-1315</u>	<u>Linda Lampasso</u>
<u>Florida</u>	<u>Winter Spring</u>	<u>321- 274-1315</u>	<u>Linda Lamposso</u>
<u>Illinois</u>	<u>Oakbrook Terrace</u>	<u>630-632-4417</u>	<u>Victoria Ciabattari</u>
<u>Michigan</u>	<u>Northville</u>	<u>734-658-4826</u>	<u>Rahul Pillai</u>
<u>Michigan</u>	<u>Canton</u>	<u>734-658-4826</u>	<u>Rahul Pillai</u>
<u>New Jersey</u>	<u>Hoboken</u>	<u>732- 939-0839</u>	<u>Victor Chu</u>
<u>New Jersey</u>	<u>Jersey City</u>	<u>732- 939-0839</u>	<u>Victor Chu</u>
<u>South Carolina</u>	<u>Taylors</u>	<u>864- 655-5850</u>	<u>Rob Bousquet, DC</u>
<u>Wisconsin</u>	<u>Madison</u>	<u>608-239-0617</u>	<u>Shawn and Lisa Biquelet</u>

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

|

EXHIBIT "G"
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

[See Attached]

The Joint Corp. 10-K -Annual Report, Item 8
Financial Statements and Supplementary Data
For the Fiscal Years Ended
December 31, 2023 and 2022

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
The Joint Corp.
Scottsdale, Arizona

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Joint Corp. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated March 7, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue growth rate utilized in the determination of the fair value of reacquired franchise rights and customer relationships for certain acquisitions

As described in Note 3 of the consolidated financial statements, the Company repurchased certain operating franchised clinics for a net purchase consideration of approximately \$1.2 million in May 2023. The acquisitions were treated as an asset purchase. As a result of the acquisitions, management was required to determine the estimated fair values of assets acquired and liabilities assumed, including certain identifiable intangible assets. Management utilized third-party valuation specialists to assist in the preparation of the valuation of certain identifiable intangible assets. Management exercised judgment to develop and select revenue growth rates in the measurement of the fair values of the reacquired franchise rights and customer relationships.

We identified the revenue growth rates utilized in the determination of the fair values of the reacquired franchise rights and customer relationships for certain acquisitions as a critical audit matter. The principal considerations for our determination included the subjectivity and judgment required to determine the revenue growth rates used in the fair value measurement of reacquired franchise rights and customer relationships for certain acquisitions. Auditing these revenue growth rates involved especially subjective auditor judgment due to the nature and extent of audit effort required.

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The primary procedures we performed to address this critical audit matter included:

- Evaluating the reasonableness of the revenue growth rates by i) comparing to the historical performance using the audited prior year revenue, (ii) assessing the revenue growth rates against industry metrics, and (iii) comparing the actual post-acquisition net revenue to the forecast revenue.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2021.
Phoenix, Arizona

March 7, 2024

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**THE JOINT CORP.
CONSOLIDATED BALANCE SHEETS**

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,153,609	\$ 9,745,066
Restricted cash	1,060,683	805,351
Accounts receivable	3,718,924	3,911,272
Deferred franchise and regional development costs, current portion	1,047,430	1,054,060
Prepaid expenses and other current assets	2,439,837	2,098,359
Assets held for sale	17,915,055	—
Total current assets	44,335,538	17,614,108
Property and equipment, net	11,044,317	17,475,152
Operating lease right-of-use asset	12,413,221	20,587,199
Deferred franchise and regional development costs, net of current portion	5,203,936	5,707,678
Intangible assets, net	5,020,926	10,928,295
Goodwill	7,352,879	8,493,407
Deferred tax assets (\$1.1 million and \$1.0 million attributable to VIEs as of December 31, 2023 and 2022)	1,031,648	11,928,152
Deposits and other assets	748,394	756,386
Total assets	<u>\$ 87,150,859</u>	<u>\$ 93,490,377</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,625,088	\$ 2,966,589
Accrued expenses	1,963,009	1,069,610
Co-op funds liability	1,060,683	805,351
Payroll liabilities (\$0.7 million and \$0.6 million attributable to VIEs as of December 31, 2023 and 2022)	3,485,744	2,030,510
Operating lease liability, current portion	3,756,328	5,295,830
Finance lease liability, current portion	25,491	24,433
Deferred franchise fee revenue, current portion	2,516,554	2,468,601
Deferred revenue from company clinics (\$1.6 million and \$4.7 million attributable to VIEs as of December 31, 2023 and 2022)	4,463,747	7,471,549
Upfront regional developer fees, current portion	362,326	487,250
Other current liabilities	483,249	597,294
Liabilities to be disposed of (\$3.6 million attributable to VIEs as of December 31, 2023)	13,831,863	—
Total current liabilities	33,574,082	23,217,017
Operating lease liability, net of current portion	10,914,997	18,672,719
Finance lease liability, net of current portion	38,016	63,507
Debt under the Credit Agreement	2,000,000	2,000,000
Deferred franchise fee revenue, net of current portion	13,597,325	14,161,134
Upfront regional developer fees, net of current portion	1,019,316	1,500,278
Other liabilities	1,235,241	1,287,879
Total liabilities	62,378,977	60,902,534
Commitments and contingencies (note 10)		
Stockholders' equity:		
Series A preferred stock, \$0.001 par value; 50,000 shares authorized, 0 issued and outstanding, as of December 31, 2023 and 2022	—	—
Common stock, \$0.001 par value; 20,000,000 shares authorized, 14,783,757 shares issued and 14,751,633 shares outstanding as of December 31, 2023 and 14,560,353 shares issued and 14,528,487 outstanding as of December 31, 2022	14,783	14,560
Additional paid-in capital	47,498,151	45,558,305
Treasury stock 32,124 shares as of December 31, 2023 and 31,866 shares as of December 31, 2022, at cost	(860,475)	(856,642)
Accumulated deficit	<u>(21,905,577)</u>	<u>(12,153,380)</u>

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Total The Joint Corp. stockholders' equity	24,746,882	32,562,843
Non-controlling Interest	25,000	25,000
Total equity	24,771,882	32,587,843
Total liabilities and stockholders' equity	<u>\$ 87,150,850</u>	<u>\$ 93,490,377</u>

See notes to consolidated financial statements.

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**THE JOINT CORP.
CONSOLIDATED INCOME STATEMENTS**

	Year Ended December 31,	
	2023	2022
Revenues:		
Revenues from company-owned or managed clinics	\$ 70,718,880	\$ 59,422,294
Royalty fees	29,160,831	26,190,531
Franchise fees	2,882,895	2,441,325
Advertising fund revenue	8,321,043	7,456,696
Software fees	5,086,562	4,290,739
Other revenues	1,526,145	1,450,725
Total revenues	117,696,356	101,252,310
Cost of revenues:		
Franchise and regional developer cost of revenues	9,063,375	7,803,404
IT cost of revenues	1,483,183	1,367,659
Total cost of revenues	10,546,558	9,171,063
Selling and marketing expenses	16,541,990	13,962,709
Depreciation and amortization	8,582,203	6,646,622
General and administrative expenses	81,466,088	70,233,447
Total selling, general and administrative expenses	106,590,281	90,842,778
Net loss on disposition or impairment	2,632,604	410,215
(Loss) income from operations	(2,073,087)	828,254
Other income (expense), net	3,711,843	(133,101)
Income before income tax expense	1,638,756	695,153
Income tax expense	11,390,953	68,448
Net (loss) income	\$ (9,752,197)	\$ 626,705
(Loss) earnings per share:		
Basic (loss) earnings per share	\$ (0.66)	\$ 0.04
Diluted (loss) earnings per share	\$ (0.65)	\$ 0.04
Basic weighted average shares		
	14,688,115	14,488,314
Diluted weighted average shares		
	14,935,217	14,868,093

See notes to consolidated financial statements.

THE JOINT CORP
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock			Treasury Stock		Accumulated Deficit	Total The Joint Corp. stockholder's equity	Non-controlling Interest	Total
	Shares	Amount	Additional Paid in Capital	Shares	Amount				
Balance, December 31, 2021	14,451,305	\$ 14,450	\$ 43,900,157	31,640	\$ (833,436)	\$ (12,780,087)	\$ 30,283,684	\$ 25,000	\$ 30,308,684
Stock-based compensation expense	—	—	1,273,989	—	—	—	1,273,989	—	1,273,989
Issuance of restricted stock	65,618	66	(66)	—	—	—	—	—	—
Exercise of stock options	43,380	44	384,225	—	—	—	384,269	—	384,269
Purchases of treasury stock under employee stock plans	—	—	—	223	(5,804)	—	(5,804)	—	(5,804)
Net income	—	—	—	—	—	626,705	626,705	—	626,705
Balance, December 31, 2022	14,560,313	\$ 14,560	\$ 45,558,305	31,866	\$ (836,642)	\$ (12,153,382)	\$ 32,502,843	\$ 25,000	\$ 32,527,843
Stock-based compensation expense	—	—	1,537,682	—	—	—	1,537,682	—	1,537,682
Issuance of restricted stock	192,781	198	(198)	—	—	—	—	—	—
Exercise of stock options	25,625	25	202,362	—	—	—	202,387	—	202,387
Purchases of treasury stock under employee stock plans	—	—	—	258	(3,033)	—	(3,033)	—	(3,033)
Net Loss	—	—	—	—	—	(6,752,197)	(6,752,197)	—	(6,752,197)
Balance, Balance, December 31, 2023	14,783,717	\$ 14,783	\$ 47,408,151	32,124	\$ (840,475)	\$ (21,905,579)	\$ 24,746,882	\$ 25,000	\$ 24,771,882

See notes to consolidated financial statements.

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**THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net (loss) income	\$ (9,752,197)	\$ 626,705
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	8,582,203	6,646,622
Net loss on disposition or impairment (non-cash portion)	2,632,604	410,215
Net franchise fees recognized upon termination of franchise agreements	(217,827)	(68,537)
Deferred income taxes	10,896,504	(441,353)
Stock based compensation expense	1,737,682	1,273,989
Changes in operating assets and liabilities:		
Accounts receivable	192,348	(154,672)
Prepaid expenses and other current assets	(341,478)	183,406
Deferred franchise costs	355,952	(351,151)
Deposits and other assets	1,492	(189,184)
Accounts payable	(1,381,836)	818,265
Accrued expenses	793,679	(1,170,070)
Payroll liabilities	1,455,234	(1,875,807)
Upfront regional developer fees	(598,778)	(1,288,134)
Deferred revenue	301,095	2,889,139
Other liabilities	20,912	900,151
Net cash provided by operating activities	<u>14,677,589</u>	<u>8,209,584</u>
Cash flows from investing activities:		
Acquisition of AZ clinics	—	(6,966,923)
Acquisition of NC clinics	—	(3,289,312)
Acquisition of CA clinics	(1,188,765)	(1,850,000)
Proceeds from sale of clinics	—	105,200
Purchase of property and equipment	(4,999,070)	(5,899,080)
Net cash used in investing activities	<u>(6,187,835)</u>	<u>(17,900,115)</u>
Cash flows from financing activities:		
Payments of finance lease obligation	(24,432)	(49,855)
Purchases of treasury stock under employee stock plans	(3,833)	(5,804)
Proceeds from exercise of stock options	202,386	384,269
Net cash provided by financing activities	<u>174,121</u>	<u>328,610</u>
Increase (decrease) in cash	8,663,875	(9,361,921)
Cash, cash equivalents and restricted cash, beginning of period	10,550,417	19,912,338
Cash, cash equivalents and restricted cash, end of period	<u>\$ 19,214,292</u>	<u>\$ 10,550,417</u>
	December 31,	December 31,
	2023	2022
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 18,153,609	\$ 9,745,066
Restricted cash	1,060,683	805,351
	<u>\$ 19,214,292</u>	<u>\$ 10,550,417</u>

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Supplemental cash flow disclosures:

The following table represents supplemental cash flow disclosures and non-cash investing and financing activities:

	Year Ended December 31,	
	2023	2022
Net cash paid (refunded) for:		
Interest	\$ 173,062	\$ 71,255
Income taxes	\$ 569,765	\$ (369,481)
Non-cash investing and financing activity:		
Unpaid purchases of property and equipment	\$ 140,055	\$ 576,725
Non-cash investment in acquisition of franchised clinics	\$ 28,997	\$ 115,372

See notes to consolidated financial statements.

THE JOINT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Basis of Presentation

These financial statements represent the consolidated financial statements of The Joint Corp. ("The Joint"), which includes its variable interest entities ("VIEs"), and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the "Company"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses, other (expenses) income, and income taxes that are reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates. For a discussion of significant estimates and judgments made in recognizing revenue, accounting for leases, and accounting for income taxes, see Note 2, "Revenue Disclosures," Note 9, "Income Taxes," and Note 10, "Commitments and Contingencies."

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC, which was dormant for all periods presented. The Company consolidates VIEs in which the Company is the primary beneficiary in accordance with Accounting Standards Codification 810, Consolidations ("ASC 810"). Non-controlling interests represent third-party equity ownership interests in VIEs. All significant inter-affiliate accounts and transactions between The Joint and its VIEs have been eliminated in consolidation.

Comprehensive (Loss) Income

Net (loss) income and comprehensive (loss) income are the same for the years ended December 31, 2023 and 2022.

Nature of Operations

The Joint Corp., a Delaware corporation, was formed on March 10, 2010 for the principal purpose of franchising, developing, selling regional developer rights, supporting the operations of franchised chiropractic clinics, and operating and managing corporate chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The following table summarizes the number of clinics in operation under franchise agreements and as company-owned or managed for the years ended December 31, 2023 and 2022:

Franchised clinics:	Year Ended December 31,	
	2023	2022
Clinics open at beginning of period	712	610
Opened during the period	104	121
Acquired during the period	—	2
Sold during the period	(3)	(16)
Closed during the period	(13)	(5)
Clinics in operation at the end of the period	800	712

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Company-owned or managed clinics:	Year Ended December 31,	
	2023	2022
Clinics open at beginning of period	126	96
Opened during the period	10	16
Acquired during the period	3	16
Sold during the period	—	(2)
Closed during the period	(4)	—
Clinics in operation at the end of the period	135	126
Total clinics in operation at the end of the period	935	838
Clinic licenses sold but not yet developed	132	197
Executed letters of intent for future clinic licenses	40	38

Variable Interest Entities

Certain states prohibit the "corporate practice of chiropractic," which restricts business corporations from practicing chiropractic care by exercising control over clinical decisions by chiropractic doctors. In states which prohibit the corporate practice of chiropractic, the Company typically enters into long-term management services agreements ("MSAs") with professional corporations ("PCs") that are owned by licensed chiropractic doctors, which, in turn, employ or contract with doctors who provide professional chiropractic care in its clinics. Under these management agreements with PCs, the Company provides, on an exclusive basis, all non-clinical services of the chiropractic practice. The Company has entered into such management agreements with three PCs, including one in Kansas, in connection with the opening of company-managed clinics in August 2022. An entity deemed to be the primary beneficiary of a VIE is required to consolidate the VIE in its financial statements. An entity is deemed to be the primary beneficiary of a VIE if it has both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb the majority of losses of the VIE or the right to receive the majority of benefits from the VIE. In accordance with relevant accounting guidance, these PCs were determined to be VIEs. Such PCs are VIEs, as fees paid by the PCs to the Company as its management service provider are considered variable interests because the fees do not meet all the following criteria: 1) The fees are compensation for services provided and are commensurate with the level of effort required to provide those services; 2) The decision maker or service provider does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIE's expected losses or receive more than an insignificant amount of the VIE's expected residual returns; 3) The service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length. Additionally, the Company has determined that it has the ability to direct the activities that most significantly impact the performance of these PCs and have an obligation to absorb losses or receive benefits which could potentially be significant to the PCs. Accordingly, the PCs are VIEs for which the Company is the primary beneficiary and are consolidated by the Company.

The revenues of VIEs represent the revenues of Company-managed clinics in states that prohibit the corporate practice of chiropractic. The Company's involvement with VIEs affects its financial performance and cash flows primarily through amounts recorded in Revenues from company-owned or managed clinics and General and administrative expenses, which are principally comprised of payroll and related expenses, merchant card fees and insurance expense. The management fees/income provided by the MSAs are considered intercompany transactions and therefore eliminated upon consolidation of VIEs.

The VIEs' total revenue was \$41.5 million and \$34.8 million for the years ended December 31, 2023 and 2022, respectively. The VIEs' general and administrative expenses, excluding the consolidated intercompany management fee, were \$18.4 million and \$15.7 million for the years ended December 31, 2023 and 2022, respectively.

The VIEs' deferred revenue liability balance for amounts collected in advance for membership and wellness packages was \$1.6 million and \$4.7 million as of December 31, 2023 and December 31, 2022, respectively. The VIEs' payroll liability balance as of December 31, 2023 and December 31, 2022 was \$0.7 million and \$0.6 million, respectively. The VIEs' deferred tax assets balance as of December 31, 2023 and December 31, 2022 was \$1.1 million and \$1.0 million, respectively. The VIEs' liabilities to be disposed of as of December 31, 2023 was \$3.6 million. The carrying amount of the other VIEs' assets and liabilities was immaterial as of December 31, 2023 and December 31, 2022, except for those previously listed.

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Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the period, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company has invested substantially all its cash in short-term bank deposits. The Company had no cash equivalents as of December 31, 2023 and 2022.

Restricted Cash

Restricted cash relates to cash that franchisees and company-owned or managed clinics contribute to the Company's National Marketing Fund and cash that franchisees provide to various voluntary regional Co-Op Marketing Funds. Cash contributed by franchisees to the National Marketing Fund is to be used in accordance with the Company's Franchise Disclosure Document with a focus on regional and national marketing and advertising. While such cash balance is not legally segregated and restricted as to withdrawal or usage, the Company's accounting policy is to classify these funds as restricted cash.

Accounts Receivable

Accounts receivable primarily represent amounts due from franchisees for royalty and software fees. The Company records an allowance for credit losses as a reduction to its accounts receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectability based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2023, and 2022, the Company had no allowance for credit losses on accounts receivable.

Deferred Franchise Costs and Regional Development Costs

Deferred franchise and regional development costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise license or regional development rights. These costs are recognized as an expense, in franchise and regional development cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise or regional developer agreement.

Property and Equipment

Property and equipment are stated at cost or for property acquired as part of franchise acquisitions at fair value at the date of closing. Depreciation is computed using the straight-line method over estimated useful lives, which is generally three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Capitalized Software

The Company capitalizes certain software development costs, including costs to implement cloud computing arrangements that is a service contract. These capitalized costs are primarily related to software used by clinics for operations and by the Company for the management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Internally developed software is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internally developed software is amortized on a straight-line basis over its estimated useful life, which is generally three to five years. Implementation costs incurred in connection with a cloud computing arrangement that is a service contract are included in prepaid expenses in the Company's consolidated balance sheets.

Leases

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The Company leases property and equipment under operating and finance leases. The Company leases its corporate office space and the space for each of the company-owned or managed clinic in the portfolio. The Company recognizes a right-of-use ("ROU") asset and lease liability for all leases. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the ROU asset and lease liability. When available, the Company uses the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of its leases. In such cases, the Company estimates its incremental borrowing rate as the interest rate it would pay to borrow an amount equal to the lease payments over a similar term, with similar collateral as in the lease, and in a similar economic environment. The Company estimates these rates using available evidence such as rates imposed by third-party lenders to the Company in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to the Company's estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, the Company recognizes lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. Pre-opening costs are recorded as incurred in general and administrative expenses. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred and are also included in general and administrative expenses on the consolidated income statements.

Intangible Assets

Intangible assets consist primarily of re-acquired franchise rights and customer relationships. The Company amortizes the fair value of re-acquired franchise rights over the remaining contractual terms of the re-acquired franchise rights at the time of the acquisition, which generally range from one to nine years. The fair value of customer relationships is amortized over their estimated useful life of two to four years.

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired in the acquisitions of franchises. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are tested for impairment annually and more frequently if a triggering event occurs that makes it more likely than not that the fair value of a reporting unit is below carrying value. As required, the Company performs an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if a triggering event occurs. No impairments of goodwill were recorded for the years ended December 31, 2023 and 2022.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. During the year ended December 31, 2023, certain long-lived asset groups classified as held and used were determined to not be recoverable. The carrying values of these asset groups included fixed assets of \$3.0 million that were written down to \$1.2 million. During the year ended December 31, 2022, an operating lease ROU asset related to a closed clinic with a total carrying amount of approximately \$0.2 million was written down to zero. As a result, the Company recorded a noncash impairment loss of approximately \$1.8 million and \$0.2 million during the years ended December 31, 2023 and 2022.

In connection with the planned sale of certain company-owned and managed clinics, the Company reclassified \$4.9 million of net property and equipment, \$3.4 million of intangible assets, net, \$1.1 million of goodwill and \$9.2 million of ROU assets to Assets held for sale and reclassified \$10.2 million of lease liability and \$3.6 million of deferred revenue from Company clinics to Liabilities to be disposed of in the consolidated balance sheet as of December 31, 2023. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. As a result, the Company recorded a valuation allowance of \$0.7 million to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2023.

In connection with the sale of two company-managed clinics to franchisees, the Company reclassified \$288,192 of property and equipment and \$359,807 of ROU assets to Assets held for sale and reclassified \$428,593 of ROU liability and \$54,351 of

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deferred revenue from company clinics to Liabilities to be disposed of in the consolidated balance sheet as of June 30, 2022. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. As a result, the Company recorded a valuation allowance of \$79,400 to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2022. One of the two clinics was sold during August 2022, and the second clinic was sold in October 2022.

Advertising Fund

The Company has established an advertising fund for national or regional marketing and advertising of services offered by its clinics. The monthly marketing fee is 2% of clinic sales. The Company segregates the marketing funds collected which are included in restricted cash on its consolidated balance sheets. As amounts are expended from the fund, the Company recognizes a related expense. Such costs are included in selling and marketing expenses on the consolidated income statements.

Co-Op Marketing Funds

Some franchises have established regional Co-Ops for advertising within their local and regional markets. The Company maintains a custodial relationship under which the Co-Op Marketing Funds collected are segregated and used for the purposes specified by the Co-Ops' officers. The Co-Op Marketing Funds are included in restricted cash on the Company's consolidated balance sheets.

Revenue Recognition

The Company generates revenue primarily through its company-owned and managed clinics and through royalties, franchise fees, advertising fund contributions, IT related income and computer software fees from its franchisees.

Revenues from Company-Owned or Managed Clinics. The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed. Any unused visits associated with monthly memberships are recognized on a month-to-month basis. The Company recognizes a contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which the Company has an ongoing performance obligation. The Company derecognizes this contract liability, and recognizes revenue, as the patient consumes his or her visits related to the package and the Company transfers its services. If the Company determines that it is not subject to unclaimed property laws for the portion of wellness package that it does not expect to be redeemed (referred to as "breakage") then it recognizes breakage revenue in proportion to the pattern of exercised rights by the patient.

Royalties and Advertising Fund Revenue. The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing and advertising fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of clinic sales over the term of the franchise agreement. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which generally requires a reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price). As the franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement, such sales-based royalties are recognized as franchisee clinic level sales occur. Royalties are collected semi-monthly, two working days after each sales period has ended.

Franchise Fees. The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of 10 years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff, site selection, construction/vendor management and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Renewal franchise fees, as well as transfer fees, are also recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Software Fees. The Company collects a monthly fee from its franchisees for use of its proprietary chiropractic software, computer support and internet services support. These fees are recognized ratably on a straight-line basis over the term of the respective franchise agreement.

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Capitalized Sales Commissions. Sales commissions earned by the regional developers and the Company's sales force are considered incremental and recoverable costs of obtaining a franchise agreement with a franchisee. These costs are deferred and then amortized as the respective franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement.

Upfront Regional Developer Rights Fees

The Company has a regional developer program where regional developers are granted an exclusive geographical territory and commit to a minimum development obligation within that defined territory. Upon granting of the exclusive rights to develop a territory, a regional developer will pay an upfront fee to the Company. Upfront regional developer fees represent consideration received from a vendor to act as the Company's agent within an exclusive territory. The upfront regional developer rights fee is accounted for as a reduction of cost of revenues, in franchise and regional development cost of revenues, to offset the respective future commissions paid to the regional developer. The fees are ratably recognized over the term of the related regional developer agreement.

Regional developers receive fees which are funded by the initial franchise fees collected from franchisees upon the sale of franchises within their exclusive geographical territory and a royalty of 3% of sales generated by franchised clinics in their exclusive geographical territory. Initial fees related to the sale of franchises within their exclusive geographical territory are initially deferred as deferred franchise costs and are recognized as an expense in franchise cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise agreement. Royalties of 3% of sales generated by franchised clinics in their regions are also recognized as franchise cost of revenues as franchisee clinic level sales occur. This 3% fee is funded by the 7% royalties we collect from the franchisees in their regions. Certain regional developer agreements result in the regional developer acquiring the rights to existing royalty streams from clinics already open in the respective territory. In those instances, fees collected from the sale of the royalty stream is recognized as a decrease to franchise and regional developer cost of revenues over the remaining life of the respective franchise agreements.

Regional Developer Rights Contract Termination Costs

From time to time, subject to the Company's strategy, regional developer rights are reacquired by the Company, resulting in a termination of the contract. The termination costs to reacquire the regional developer rights are recognized at fair value, less any unrecognized upfront regional developer fee liability balance, as a general and administrative expense in the period in which the contract is terminated in accordance with the contract terms and are recorded within general and administrative expenses.

Advertising Costs

Advertising costs are advertising and marketing expenses incurred by the Company, primarily through advertising funds. The Company expenses production costs of commercial advertising upon first airing and expenses the costs of communicating the advertising in the period in which the advertising occurs. Advertising expenses were \$6.8 million and \$5.2 million, for the years ended December 31, 2023 and 2022, respectively.

Income Taxes

Income taxes are accounted for using a balance sheet approach known as the asset and liability method. The asset and liability method accounts for deferred income taxes by applying the statutory tax rates in effect at the date of the consolidated balance sheets to differences between the book basis and the tax basis of assets and liabilities. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Tax positions are reviewed at least quarterly and adjusted as new information becomes available. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These estimates of future taxable income inherently require significant judgment. To the extent it is considered more likely than not that a deferred tax asset will be not recovered, a valuation allowance is established.

The Company accounts for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits and expenses recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company has identified \$1.2 million and \$1.3 million in uncertain tax positions as of December 31, 2023 and 2022, respectively. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses.

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With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2023, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2018 and 2017, respectively.

(Loss) Earnings per Common Share

Basic (loss) earnings per common share is computed by dividing net (loss) income by the weighted-average number of common shares outstanding during the period. Diluted (loss) earnings per common share is computed by giving effect to all potentially dilutive common shares including restricted stock and stock options.

	Year Ended December 31,	
	2023	2022
Net (loss) income	\$ (9,752,197)	\$ 626,705
Weighted average common shares outstanding - basic	14,688,115	14,488,314
Effect of dilutive securities:		
Unvested restricted stock and stock options	247,102	379,779
Weighted average common shares outstanding - diluted	14,935,217	14,868,093
Basic (loss) earnings per share	\$ (0.66)	\$ 0.04
Diluted (loss) earnings per share	\$ (0.65)	\$ 0.04

Potentially dilutive securities excluded from the calculation of diluted net (loss) income per common share as the effect would be anti-dilutive were as follows:

	Year Ended December 31,	
	2023	2022
Unvested restricted stock	—	—
Stock options	89,152	89,152

Stock-Based Compensation

The Company accounts for share-based payments by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

Retirement Benefit Plan

Employees of the Company are eligible to participate in a defined contribution retirement plan, the Joint Corp. 401(k) Retirement Plan (the "401(k) Plan"), under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, employees may contribute their eligible compensation, not to exceed the annual limits set by the IRS. The 401(k) Plan allows the Company to match participants' contributions in an amount determined at the sole discretion of the Company. The Company matched participants' contributions for the years ended December 31, 2023 and 2022, up to a maximum of 4% of the employee's eligible compensation. Employer contributions totaled \$570,877 and \$478,277, for the years ended December 31, 2023 and 2022, respectively.

Loss Contingencies

ASC Topic 450 governs the disclosure of loss contingencies and accrual of loss contingencies in respect of litigation and other claims. The Company records an accrual for a potential loss when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. When the reasonable estimate of the potential loss is within a range of amounts, the minimum of the range of potential loss is accrued, unless a higher amount within the range is a better estimate than any other amount within

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the range. Moreover, even if an accrual is not required, the Company provides additional disclosure related to litigation and other claims when it is reasonably possible (i.e., more than remote) that the outcomes of such litigation and other claims include potential material adverse impacts on the Company. Legal costs to be incurred in connection with a loss contingency are expensed as such costs are incurred.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to significant estimates and assumptions include loss contingencies, share-based compensations, useful lives and realizability of long-lived assets, deferred revenue and revenue recognition related to breakage, deferred franchise costs, calculation of ROU assets and liabilities related to leases, realizability of deferred tax assets, impairment of goodwill, intangible assets, other long-lived assets, and purchase price allocations and related valuations.

Recently Adopted Accounting Guidance and Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities to provide greater disaggregation within their annual rate reconciliation, including new requirements to present reconciling items on a gross basis in specified categories, disclose both percentages and dollar amounts, and disaggregate individual reconciling items by jurisdiction and nature when the effect of the items meet a quantitative threshold. The guidance also requires disaggregating the annual disclosure of income taxes paid, net of refunds received, by federal (national), state, and foreign taxes, with separate presentation of individual jurisdictions that meet a quantitative threshold. The guidance is effective for annual periods beginning after December 15, 2024 on a prospective basis, with a retrospective option, and early adoption is permitted. We are currently evaluating the impact of adoption of this standard on our consolidated financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities with a single reportable segment to provide all the disclosures required by this standard and all existing segment disclosures in Topic 280 on an interim and annual basis, including new requirements to disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within the reported measure(s) of a segment's profit or loss, the amount and composition of any other segment items, the title and position of the CODM, and how the CODM uses the reported measure(s) of a segment's profit or loss to assess performance and decide how to allocate resources. The guidance is effective for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024, applied retrospectively with early adoption permitted. We are currently evaluating the impact of adoption of this standard on our consolidated financial statements and disclosures.

Note 2: Revenue Disclosures

Company-Owned or Managed Clinics

The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed in accordance with the Company's breakage policy, as discussed in Note 1, "Revenue Recognition."

Franchising Fees, Royalty Fees, Advertising Fund Revenue, and Software Fees

As of December 31, 2023, we had 800 franchised clinics in operation, 132 clinic licenses sold but not yet developed and 40 executed letters of intent for future clinic licenses. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant stand-alone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

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The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees, (b) continuing franchise fees (royalties), (c) advertising fees, and (d) software fees. Generally, the revenue accounting standard requires the reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price. However, the revenue accounting standard provides an exception, and it allows a reporting entity to recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs: (i) the subsequent sale or usage occurs, or (ii) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied). In accordance with the revenue accounting standard exception, royalty and advertising revenue are recognized when the franchisee's sales occur.

The Company recognizes the primary components of the transaction price as follows:

- Initial and renewal franchise fees, as well as transfer fees, are recognized as revenue ratably on a straight-line basis over the term of the respective franchise agreement commencing with the execution of the franchise, renewal, or transfer agreement. As these fees are typically received in cash at or near the beginning of the contract term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable, on the consolidated balance sheet.
- The Company is entitled to a software fee, which is charged monthly. The Company recognizes revenue related to software fees ratably on a straight-line basis over the term of the franchise agreement.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, neither of which requires estimation. The Company believes its franchising arrangements do not contain a significant financing component.

The Company recognizes advertising fees received under franchise agreements as advertising fund revenue.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated income statements appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2023 and 2022. Other revenues primarily consist of merchant income associated with preferred vendor royalties associated with franchisees' credit card transactions.

The following table shows the Company's revenues disaggregated according to the timing of transfer of services:

	December 31,	
	2023	2022
Revenue recognized at a point in time	\$ 109,726,899	\$ 94,520,246
Revenue recognized over time	\$ 7,969,457	\$ 6,732,064
Total Revenue	\$ 117,696,356	\$ 101,252,310

Rollforward of Contract Liabilities and Contract Costs

Changes in the Company's contract liability for deferred revenue from company clinics during the years ended December 31, 2023 and 2022 were as follows:

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	Deferred Revenue from company clinics
Balance at December 31, 2021	\$ 5,235,745
Revenue recognized that was included in the contract liability at the beginning of the year	(4,553,086)
Net increase during the year ended December 31, 2022	6,788,890
Balance at December 31, 2022	\$ 7,471,549
Revenue recognized that was included in the contract liability at the beginning of the year	(6,455,934)
Net increase during the year ended December 31, 2023	3,448,132
Balance at December 31, 2023	\$ 4,463,747

Changes in the Company's contract liability for deferred franchise fees during the years ended December 31, 2023 and 2022 were as follows:

	Deferred Revenue short and long-term
Balance at December 31, 2021	\$ 15,375,151
Revenue recognized that was included in the contract liability at the beginning of the year	(2,250,471)
Net increase during the year ended December 31, 2022	3,505,055
Balance at December 31, 2022	\$ 16,629,735
Revenue recognized that was included in the contract liability at the beginning of the year	(2,709,080)
Net increase during the year ended December 31, 2023	2,193,224
Balance at December 31, 2023	\$ 16,113,879

The Company's deferred franchise and development costs represent capitalized sales commissions. Changes during the years ended December 31, 2023 and 2022 were as follows:

	Deferred Franchise and Development Costs short and long-term
Balance at December 31, 2021	\$ 6,500,007
Recognized as cost of revenue during the year	(938,736)
Net increase during the year ended December 31, 2022	1,200,467
Balance at December 31, 2022	\$ 6,761,738
Recognized as cost of revenue during the year	(1,135,592)
Net increase during the year ended December 31, 2023	625,220
Balance at December 31, 2023	\$ 6,251,366

The following table illustrates revenues expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of December 31, 2023:

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Contract liabilities expected to be recognized in	Amount
2024	\$ 2,516,554
2025	2,383,487
2026	2,289,250
2027	2,216,125
2028	2,080,555
Thereafter	4,627,908
Total	\$ 16,113,879

Note 3: Acquisitions and Assets Held for Sale

2023 Acquisitions

On May 22, 2023, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the sellers three operating franchised clinics in California (the "2023 CA Clinics Purchase"). As of the acquisition date, the Company operates the franchises as company-managed clinics. The total purchase price for the transaction was \$1,188,764 to the seller less \$28,997 of net deferred revenue, resulting in total purchase consideration of \$1,159,767.

Based on the terms of the purchase agreement, the 2023 CA Clinics Purchase has been treated as an asset purchase under GAAP as there were no outputs or processes to generate outputs acquired as part of these transactions. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the total purchase price of the 2023 CA Clinics Purchase was as follows:

Property and equipment	\$ 313,995
Operating lease right-of-use asset	317,662
Intangible assets	1,004,513
Total assets acquired	1,636,170
Deferred revenue	(158,365)
Operating lease liability - current portion	(118,081)
Operating lease liability - net of current portion	(199,957)
Net purchase consideration	\$ 1,159,767

Intangible assets in the table above primarily consist of reacquired franchise rights of \$0.7 million amortized over their estimated useful lives of six to seven years, customer relationships of \$0.1 million amortized over an estimated useful life of two years and assembled workforce of \$0.2 million amortized over an estimated useful life of two years.

2022 Acquisitions

On May 19, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in Arizona. The Company operates the franchises as company-owned clinics. The total purchase price for the transaction was \$5,761,256, less \$70,484 of net deferred revenue, resulting in total purchase consideration of \$5,690,772.

On July 5, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller one operating franchise in Arizona (collectively, including the May 19th purchase, the "AZ Clinics Purchase"). The Company operates the franchise as a company-owned clinic. The total purchase price for the transaction was \$1,205,667, less \$13,241 of net deferred revenue, resulting in total purchase consideration of \$1,192,426.

Based on the terms of the purchase agreements, the AZ Clinics Purchase has been treated as a business combination under GAAP using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at

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the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

The allocation of the total purchase price of AZ Clinics Purchase was as follows:

Property and equipment	\$	241,511
Operating lease right-of-use asset		912,937
Intangible assets		3,689,100
Total assets acquired		4,843,548
Goodwill		3,408,205
Deferred revenue		(455,317)
Operating lease liability - current portion		(128,516)
Operating lease liability - net of current portion		(784,722)
Net purchase consideration	\$	6,883,198

Intangible assets in the table above consist of re-acquired franchise rights of \$2,892,100, amortized over estimated useful lives of approximately four to eight years and customer relationships of \$797,000, amortized over estimated useful lives of two to three years. The fair value of re-acquired franchise rights are estimated using the multi-period excess earnings method. The multi-period excess earnings method model estimates revenues and cash flows derived from the primary asset and then deducts portions of the cash flow that can be attributed to supporting assets, such as assembled workforce and working capital that contributed to the generation of the cash flows. The resulting cash flow, which is attributable solely to the primary asset acquired, is then discounted at a rate of return commensurate with the risk of the asset to calculate a present value. Customer relationships are also calculated using the multi-period excess earnings method.

The valuation method involved the use of significant estimates and assumptions primarily related to forecasted revenue growth rates, gross margin, contributory asset charges, customer attrition rates, and market-participant discount rates. These measures are based on significant Level 3 inputs not observable in the market. Key assumptions developed based on the Company's historical experience, future projections and comparable market data include future cash flows, long-term growth rates, attrition rates and discount rates.

Goodwill represents the excess of the purchase consideration over the fair value of the underlying acquired net tangible and intangible assets. The factors that contributed to the recognition of goodwill included synergies and benefits expected to be gained from leveraging the Company's existing operations and infrastructures, as well as the expected associated revenue and cash flow projections. Goodwill has been allocated to the Company's Corporate Clinics segment based on such expected benefits. Goodwill related to the acquisition is expected to be deductible for income tax purposes over 15 years. The Company completed the purchase price allocation during the fourth quarter of 2022.

On July 29, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers three operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was \$1,317,312, less \$31,647 of net deferred revenue, resulting in total purchase consideration of \$1,285,665.

On October 13, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina. The Company operates the franchise as a company-managed clinic. The total purchase price for the transaction was \$761,384, less \$5,108 of net deferred revenue, resulting in total purchase consideration of \$756,276.

On October 24, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina (collectively, including the July 29th and October 13th purchases, the "NC Clinics Purchase"). The Company operates the franchise as a company-managed clinic. The total purchase price for the transaction was \$1,391,112, less \$9,262 of net deferred revenue, resulting in total purchase consideration of \$1,381,850.

On December 23, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers six operating franchises and one undeveloped clinic in California (the "2022 CA Clinics

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Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was \$1,965,755, less \$70,628 of net deferred revenue, resulting in total purchase consideration of \$1,895,127.

Based on the terms of the purchase agreement, the NC and 2022 CA Clinics Purchases have been treated as asset purchases under GAAP as there were no outputs or processes to generate outputs acquired as part of these transactions. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the total purchase price of NC Clinics Purchase was as follows:

Property and equipment	\$	198,236
Operating lease right-of-use asset		521,222
Intangible assets		3,544,456
Total assets acquired		4,263,914
Deferred revenue		(326,332)
Operating lease liability - current portion		(146,255)
Operating lease liability - net of current portion		(367,536)
Net purchase consideration	\$	3,423,791

Intangible assets in the table above consist of reacquired franchise rights of \$2,042,658 amortized over their estimated useful lives of two to nine years, customer relationships of \$909,828 amortized over an estimated useful life of two to three years, and assembled workforce of \$591,970 amortized over an estimated useful life of two years.

The allocation of the total purchase price of 2022 CA Clinics Purchase was as follows:

Property and equipment	\$	677,518
Tenant improvement allowance		55,790
Operating lease right-of-use asset		1,520,353
Intangible assets		1,480,359
Total assets acquired		3,734,020
Deferred revenue		(215,555)
Operating lease liability - current portion		(200,877)
Operating lease liability - net of current portion		(1,422,461)
Net purchase consideration	\$	1,895,127

Intangible assets in the table above primarily consist of reacquired franchise rights of \$1,151,272 amortized over their estimated useful lives of six to seven years, customer relationships of \$20,531 amortized over an estimated useful life of two years, and assembled workforce of \$308,556 amortized over an estimated useful life of two years.

Assets Held for Sale

In June 2023, the Company entered into negotiations to sell one of its company-managed clinics in California to a franchisee for a total of \$0.1 million. The Company executed an LOI with the buyer in October 2023 and the sale closed February 2024. This transaction did not represent a major strategic shift for the Company, and, therefore, it does not meet the criteria to be classified as a discontinued operation. As a result, the results of this clinic are reported in the Company's operating results and in its Corporate Clinics segment until the sale finalized in February 2024. Effective with the designation as held for sale in June 2023, the Company discontinued recording depreciation on property and equipment, net and amortization of ROU assets for the clinic as required by GAAP. The Company also separately classified the related assets and liabilities of the clinics as held for sale in its December 31, 2023 consolidated balance sheet.

During Q3 2023, the Company committed to a plan to sell specific corporate owned or managed clinics making up under 10% of the corporate clinic portfolio with an estimated fair value of \$1.6 million. The clinics are in varying stages of sales negotiations with all of them expected to close within one year. The clinics identified to commit to sell during Q3 2023 did not

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represent a major strategic shift and therefore, they do not meet the criteria to be classified as a discontinued operation. As a result, the results of these clinics will continue to be reported in the Company's operating results and in its Corporate Clinics segment until the sales are each finalized. Effective with the designation as held for sale in September 2023, the Company discontinued recording depreciation on property and equipment, net, amortization of intangible assets, net and amortization of ROU assets for the clinics as required by GAAP. The Company also separately classified the related assets and liabilities of the clinics as held for sale in its December 31, 2023 consolidated balance sheet.

In November 2023, the Company initiated a plan to re-franchise the majority of its corporate-owned or managed clinics with plans to retain a small portion of high-performing clinics. The clinics identified in the plan to re-franchise make up approximately 67% (excluding the clinics previously committed to sell during Q3 2023) of the corporate owned or managed clinic portfolio. The clinics are in varying stages of sales negotiations with 42 of them expected to close within one year with an estimated fair value of \$29.0 million at December 31, 2023. The clinics identified to commit to sell and expected to close within one year did not represent a major strategic shift because the clinics identified to commit to sell and expected to close within one year do not involve exiting a major line of business or exiting a major geographic area. As a result, the results of these clinics will continue to be reported in the Company's operating results and in its Corporate Clinics segment until the sales are each finalized. Effective with the designation as held for sale in November 2023, the Company discontinued recording depreciation on property and equipment, net, amortization of intangible assets, net and amortization of ROU assets for the clinics as required by GAAP. The Company also separately classified the related assets and liabilities of the clinics as held for sale in its December 31, 2023 consolidated balance sheet.

Long-lived assets that meet the criteria for the held for sale designation are reported at the lower of their carrying value or fair value less estimated cost to sell. As a result of its evaluation of the recoverability of the carrying value of the assets and liabilities held for sale relative to the agreed upon sales prices or the clinics estimated fair values, the Company recorded an estimated loss on disposal of \$0.7 million for the year ended December 31, 2023 as Net loss on disposition or impairment in its consolidated income statement and a valuation allowance included in assets held for sale on its consolidated balance sheet.

The principal components of the held for sale assets and liabilities as of December 31, 2023 were as follows:

	December 31, 2023	
Assets		
Property and equipment, net	\$	4,887,220
Operating lease right-of-use asset		9,193,496
Intangible assets, net		3,351,430
Goodwill		1,140,529
Valuation allowance		(657,620)
Total assets held for sale	\$	<u>17,915,055</u>
Liabilities		
Operating lease liability, current and non-current	\$	10,209,382
Deferred revenue from company clinics		3,622,481
Total liabilities to be disposed of	\$	<u>13,831,863</u>

The pre-tax income of the clinics designated as held for sale is \$4.4 million and \$3.6 million for the years ended December 31, 2023 and 2022, respectively, the results of which exclude the allocation of overhead.

Note 4: Property and Equipment

Property and equipment consist of the following:

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	December 31,	
	2023	2022
Office and computer equipment	\$ 4,169,576	\$ 5,207,833
Leasehold improvements	12,013,250	17,842,901
Internally developed software	5,399,698	5,843,758
Finance lease assets	151,396	151,396
	21,733,920	29,045,888
Accumulated depreciation and amortization	(12,005,459)	(12,675,085)
	9,728,461	16,370,803
Construction in progress	1,315,856	1,104,349
Property and Equipment, net	\$ 11,044,317	\$ 17,475,152

Depreciation expense was \$5,117,723 and \$4,092,669 for the years ended December 31, 2023 and 2022, respectively.

Amortization expense related to finance lease assets was \$30,279 and \$55,572 for the years ended December 31, 2023 and 2022, respectively.

Construction in progress at December 31, 2023 and December 31, 2022 principally related to development and construction costs for the Company-owned or managed clinics.

Note 5: Fair Value Consideration

The Company's financial instruments include cash, restricted cash, accounts receivable, accounts payable, accrued expenses and debt under the Credit Agreement. The carrying amounts of its financial instruments, excluding the debt under the Credit Agreement, approximate their fair value due to their short maturities. The carrying value of the Company's debt under the Credit Agreement approximates fair value due to its interest rate being calculated from observable quoted prices for similar instruments, which is considered a Level 2 fair value measurement.

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2023 and 2022, the Company did not have any financial instruments that were measured on a recurring basis as Level 1, 2 or 3.

The Company's non-financial assets, which primarily consist of goodwill, intangible assets, property, plant and equipment, and operating lease ROU assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their carrying amount. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable (and at least annually for goodwill), non-financial assets are assessed for impairment. If the fair value is determined to be lower than the carrying amount, an impairment charge is recorded to write down the asset to its fair value, which is considered Level 3 within the fair value hierarchy.

The assets and liabilities resulting from the Acquisitions (see Note 3, Acquisitions and Assets Held for Sale) were recorded at fair values on a nonrecurring basis at the date of acquisition and are considered Level 3 within the fair value hierarchy.

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During the year ended December 31, 2023, intangible assets related to a clinic planned for closure with a total carrying amount of approximately \$0.1 million was written down to zero. The remaining life of the intangible assets related to the clinic extended through December 2025. However, the clinic closed at the end of its lease term in November 2023. The Company considered the intangible assets fully impaired at that time as the ability to obtain economic benefits in the period the clinic remained open was unlikely. As a result, the Company recorded a noncash impairment loss of approximately \$0.1 million during the year ended December 31, 2023 as Net loss on disposition or impairment in its consolidated income statement.

In connection with the planned sale of certain company-owned and managed clinics, the Company reclassified \$4.9 million of net property and equipment, \$3.4 million of intangible assets, net, \$1.1 million of goodwill and \$9.2 million of ROU assets to Assets held for sale and reclassified \$10.2 million of lease liability and \$3.6 million of deferred revenue from Company clinics to Liabilities to be disposed of in the consolidated balance sheet as of December 31, 2023. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. The estimated fair value of the company-owned or managed clinics classified as Held for Sale (see Note 3, Acquisitions and Assets Held for Sale) were recorded at fair values on a nonrecurring basis and are based upon Level 2 inputs, which includes a potential buyer agreed upon selling price or Level 3 inputs, which include historical and future expected financial performance of the clinic and historical acquisition trends based on previous reacquired franchise clinic purchases. The fair value measurement of the assets held for sale was recorded as \$0.2 million based upon Level 2 inputs and \$30.4 million based upon Level 3 inputs. As a result, the Company recorded a valuation allowance of \$0.7 million to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2023.

In connection with the planned sale or determined closure of certain company-owned and managed clinics, the Company recorded an impairment loss of \$1.7 million included in the net loss, disposition and impairment on the consolidated income statement for impairment of long-lived assets classified as held and used where the asset group was not determined to be recoverable. The asset group was determined to be the clinic level, as this is the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The long lived assets fair values were determined by the following: Level 2 inputs where available, which included using a valuation multiple (e.g. price per square foot) based on observable prices for comparable long lived assets; and Level 3 inputs, which included the multiple earnings approach using the Company's historical earnings trend data, comparable historical asset sales by the Company and franchisees that were not exact matches, and (for calculating the fair value of intangible assets specifically) the Company's historical experience, future projections and comparable market data include future cash flows, long-term growth rates, attrition rates and discount rates. The carrying values of these asset groups impaired to their fair value included fixed assets of \$2.9 million that were written down to \$1.2 million determined by the Level 3 inputs discussed above.

During the year ended December 31, 2022, an operating lease ROU assets related to a closed clinic with a total carrying amount of \$0.2 million was written down to zero. The associated operating lease liability had a life of 39 months at the time of impairment. However, the ROU asset was fully impaired due to the abandonment of the lease in 2022. The Company considers the ROU asset as abandoned as it lacks the ability to sublease the underlying asset and obtain economic benefits. As a result, the Company recorded a noncash impairment loss of approximately \$0.2 million as Net loss on disposition or impairment in its consolidated income statement during the year ended December 31, 2022.

Note 6: Intangible Assets and Goodwill

During 2023, the Company recognized \$0.7 million, \$0.1 million, and \$0.2 million of reacquired franchise rights, customer relationships, and assembled workforce, respectively, from the acquisitions as disclosed in Note 3, "Acquisitions." Intangible assets consisted of the following:

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	\$ 7,385,830	\$ 2,926,595	\$ 4,459,235
Customer relationships	1,682,807	1,349,938	332,869
Assembled workforce	440,844	212,022	228,822
	\$ 9,509,481	\$ 4,488,555	\$ 5,020,926

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	December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	\$ 12,881,894	\$ 4,755,286	\$ 8,126,608
Customer relationships	4,330,365	2,352,500	1,977,865
Assembled workforce	959,837	136,015	823,822
	<u>\$ 18,172,096</u>	<u>\$ 7,243,801</u>	<u>\$ 10,928,295</u>

The following is the weighted average amortization period for the Company's intangible assets:

	Amortization (Years)
Reacquired franchise rights	5.9
Customer relationships	2.6
Assembled workforce	2.0
All intangible assets	4.9

Amortization expense related to the Company's intangible assets was \$3,434,201 and 2,498,390 for the years ended December 31, 2023 and 2022, respectively.

Estimated amortization expense for 2024 and subsequent years is as follows:

2024	\$ 1,500,619
2025	1,100,700
2026	958,290
2027	565,521
2028	454,120
Thereafter	441,676
Total	<u>\$ 5,020,926</u>

The changes in the carrying amount of goodwill were as follows:

	Corporate Clinic Segment
Balance as of December 31, 2022	
Goodwill, gross	8,548,401
Accumulated impairment losses	(54,994)
Goodwill, net	8,493,407
2023 acquisition	—
Balance as of December 31, 2023	
Goodwill, gross	8,548,401
Accumulated impairment losses	(54,994)
Goodwill reclassified to Held for sale	(1,140,529)
Goodwill, net	7,352,879

Note 7: Debt

Credit Agreement

On February 28, 2020, the Company entered into a Credit Agreement (the "Credit Agreement"), with JPMorgan Chase Bank, N.A., individually, and as Administrative Agent and Issuing Bank ("JPMorgan Chase" or the "Lender"). The Credit Agreement provided for senior secured credit facilities (the "Credit Facilities") in the amount of \$7,500,000, including a \$2,000,000

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revolver (the "Revolver") and \$5,500,000 development line of credit (the "Line of Credit"). The Revolver included amounts available for letters of credit of up to \$1,000,000 and an uncommitted additional amount of \$2,500,000. All outstanding principal and interest on the Revolver were due on February 28, 2022.

On February 28, 2022, the Company entered into an amendment to its Credit Facilities (as amended, the "2022 Credit Facility") with the Lender. Under the 2022 Credit Facility, the Revolver increased to \$20,000,000 (from \$2,000,000), the portion of the Revolver available for letters of credit increased to \$5,000,000 (from \$1,000,000), the uncommitted additional amount increased to \$30,000,000 (from \$2,500,000) and the developmental line of credit of \$5,500,000 was terminated. The Revolver will be used for working capital needs, general corporate purposes and for acquisitions, development and capital improvement uses. At the option of the Company, borrowings under the 2022 Credit Facility bear interest at: (i) the adjusted Secured Overnight Financing Rate ("SOFR"), which is the daily simple SOFR, plus 0.10%, plus 1.75%, payable on the last day of the selected interest period of one, three or six months, and on the three-month anniversary of the beginning of any six-month interest period, if applicable; or (ii) an Alternative Base Rate (ABR), plus 1.00%, payable monthly. The ABR is the greatest of: (A) the prime rate (as published by the Wall Street Journal), (B) the Federal Reserve Bank of New York rate, plus 0.5%, and (C) the adjusted one-month term SOFR rate. Amounts outstanding under the Revolver on February 28, 2022 continued to bear interest at the rate selected under the Credit Facilities prior to the amendment until the last day of the interest period in effect, at which time, if not repaid, the amounts outstanding under the Revolver will bear interest at the 2022 Credit Facility rate. As a result of this refinance, \$2,000,000 of current maturity of long-term debt has been reclassified to long-term as of December 31, 2022. The 2022 Credit Facility will terminate and all principal and interest will become due and payable on the fifth anniversary of the amendment (February 28, 2027). On January 17, 2024, the Company paid down the outstanding balance on its Debt under the Credit Agreement of \$2,000,000. As a result of this pay down, \$2,000,000 of the long-term debt has been reclassified as current as of December 31, 2023.

The Credit Facilities contain customary events of default, including but not limited to nonpayment; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; and certain fundamental changes such as a merger or sale of substantially all assets (as further defined in the Credit Facilities). The Credit Facilities require the Company to comply with customary affirmative, negative and financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the Credit Facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable. The Credit Facilities are collateralized by substantially all of the Company's assets, including the assets in the Company's company-owned or managed clinics. The Company intends to use the Revolver for general working capital needs. The interest rate on funds borrowed under the Revolver as of December 31, 2023 was 7.2%. As of December 31, 2023, the Company was in compliance with all applicable financial and non-financial covenants under the Credit Agreement, and \$2,000,000 remains outstanding as of December 31, 2023.

In connection with the issuance of the Credit Facilities and the 2022 Credit Facility, the Company incurred debt issuance costs of \$52,648 and \$76,415, respectively. Interest expense and amortization expense related to debt issuance costs are being amortized to "Other expense, net" and was \$207,555 and \$129,118 for the years ended December 31, 2023 and 2022, respectively.

Note 8: Stock-Based Compensation

The Company grants stock-based awards under its 2014 Incentive Stock Plan (the "2014 Plan"). The shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the 2014 Plan: (i) non-qualified stock options; (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; and (v) restricted stock units. Each award granted under the 2014 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, and such other terms and conditions as the plan committee determines. Awards granted under the 2014 Plan are classified as equity awards, which are recorded in stockholders' equity in the Company's consolidated balance sheets. Through December 31, 2023, the Company has granted under the 2014 Plan (i) non-qualified stock options; (ii) incentive stock options; and (iii) restricted stock. There were no stock appreciation rights and restricted stock units granted under the 2014 Plan as of December 31, 2023.

Stock Options

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The Company's closing price on the date of grant is the basis of fair value of its common stock used in determining the value of share-based awards. To the extent the value of the Company's share-based awards involves a measure of volatility, the Company uses available historical volatility of the Company's common stock over a period of time corresponding to the expected stock option term. The Company uses the simplified method to calculate the expected term of stock option grants to employees as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. Accordingly, the expected life of the options granted is based on the average of the vesting term, which is generally four years and the contractual term, which is generally ten years. The Company will continue to evaluate the appropriateness of utilizing such method. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

The Company did not grant options during the years ended December 31, 2023 and 2022.

The information below summarizes the stock options activity:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2021	595,089	\$ 9.72	5.9	\$ 33,336,794
Granted at market price	—			
Exercised	(43,380)	8.86		\$ 657,058
Expired	(2,795)	28.45		
Cancelled	(16,991)	24.96		
Outstanding at December 31, 2022	531,923	\$ 9.2	4.7	\$ 3,797,904
Granted at market price	—			
Exercised	(25,623)	7.90		\$ 205,191
Expired	(12,591)	13.07		
Cancelled	(7,375)	28.58		
Outstanding at December 31, 2023	486,334	\$ 8.88	3.7	\$ 1,903,699
Exercisable at December 31, 2023	453,465	\$ 7.34	3.5	\$ 1,903,699
Vested and expected to vest at December 31, 2023	485,643	\$ 8.83	3.7	\$ 1,903,699

The aggregate fair value of the Company's stock options vested during 2023 and 2022 was \$407,166 and \$631,512, respectively.

The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%. For the years ended December 31, 2023 and 2022, stock-based compensation expense for stock options was \$322,574 and \$515,279, respectively.

Unrecognized stock-based compensation expense for stock options as of December 31, 2023 was \$275,792, which is expected to be recognized ratably over the next 1.2 years.

Restricted Stock

Restricted stock awards granted to employees generally vest in four equal annual installments, although on May 25, 2023, the Company granted 51,401 shares of restricted stock as part of a special award to certain high performing employees that vest in one installment on the first anniversary of the grant. Restricted stock awards granted to non-employee directors vest on the earlier of (i) one year from the grant date and (ii) the date of the next annual meeting of the shareholders of the Company occurring after the date of grant.

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The information below summarizes the restricted stock activity:

Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value per Award
Non-vested at December 31, 2021	27,720	\$ 28.51
Granted	68,125	29.47
Vested	(17,240)	29.13
Cancelled	(8,293)	30.51
Non-vested at December 31, 2022	70,312	29.05
Granted	204,122	14.54
Vested	(33,869)	22.06
Cancelled	(8,664)	28.46
Non-vested at December 31, 2023	231,901	\$ 17.32

For the years ended December 31, 2023 and 2022, stock-based compensation expense for restricted stock was \$1,415,108 and \$758,710, respectively. Unrecognized stock-based compensation expense for restricted stock awards as of December 31, 2023 was \$2,799,213 to be recognized ratably over 2.5 years.

Tax Benefits

Net (loss) income for 2023 and 2022 included pre-tax expense related to stock-based compensation of \$1.7 million and \$1.3 million, respectively. The Company recognized federal income tax benefits of \$0 and \$0.1 million from the exercises of stock options and restricted stock awards for 2023 and 2022, respectively.

Note 9: Income Taxes

Income tax expense (benefit) reported in the consolidated income statements is comprised of the following:

	December 31,	
	2023	2022
Current expense:		
Federal	\$ 178,152	\$ 377,281
State, net of state tax credits	251,428	132,520
Total current expense	429,580	509,801
Deferred expense (benefit):		
Federal	8,606,677	(295,011)
State	2,354,696	(146,342)
Total deferred expense (benefit)	10,961,373	(441,353)
Total income tax expense	\$ 11,390,953	\$ 68,448

The following are the components of the Company's deferred tax assets (liabilities) for federal and state income taxes:

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	December 31,	
	2023	2022
Deferred income tax assets:		
Accrued expenses	\$ 426,218	\$ 97,148
Deferred revenue	5,414,824	5,338,821
Lease liability	6,697,111	6,582,122
Goodwill - component 2	63,328	72,033
Nonqualified stock options	378,208	339,075
Interest expense limitation	—	35,031
Net operating loss carryforwards	3,383,391	5,285,726
Tax credits	35,850	35,850
Intangibles	3,907,623	3,166,533
Total deferred income tax assets	20,306,553	20,952,339
Deferred income tax liabilities:		
Lease right-of-use asset	(5,852,353)	(5,694,797)
Deferred franchise costs	(108,148)	(100,558)
Goodwill - component 1	(673,278)	(537,421)
Asset basis difference related to property and equipment	(1,853,103)	(2,545,455)
Restricted stock compensation	65,886	(145,956)
Total deferred income tax liabilities	(8,420,996)	(9,024,187)
Valuation allowance	(10,853,909)	—
Net deferred tax asset (\$1.1 million and \$1.0 million attributable to VIEs as of December 31, 2023 and 2022)	\$ 1,031,648	\$ 11,928,152

A valuation allowance of \$10.9 million and \$0 was recorded against the deferred tax asset balance of The Joint Corp., without its VIEs, as of December 31, 2023 and 2022, respectively. As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets in each reporting jurisdiction. A significant piece of objective evidence evaluated was the cumulative loss incurred in each jurisdiction over the three-year period ended December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence, such as projections for future growth, in evaluating the need for a valuation allowance. As a result, management has determined that it is more likely than not that The Joint Corp. will not realize its deferred tax assets as of December 31, 2023, and has recorded a valuation allowance after consideration of any recorded deferred tax liabilities.

The Joint Corp. without the VIE, has federal gross net operating loss carryforwards of \$13.4 million and \$21.6 million as of December 31, 2023 and 2022, respectively. Federal tax effected of these net operating losses were \$2.8 million and \$4.5 million as of December 31, 2023 and 2022, respectively. \$8.3 million of the federal net operating loss is subject to a 20-year carryforward, with a portion beginning to expire in 2036. \$5.1 million of the federal net operating loss has an indefinite carryforward period.

The Joint Corp., without its consolidated VIEs, has various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2025.

The Joint Corp. has research and development credits of \$14,229 that will begin to expire in 2031 and \$21,621 California AMT credits that do not expire.

The VIE's have net operating loss carryforwards of \$0.2 million and \$0.5 million as of December 31, 2023 and 2022, respectively. No federal net operating loss is subject to a 20 year carryforward. \$0.2 million of the federal net operating loss has an indefinite carryforward period.

The VIE's have various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2036.

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The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income, compared to the income tax benefit in the consolidated income statements:

	For the Years Ended December 31,			
	2023		2022	
	Amount	Percent	Amount	Percent
Expected federal tax expense	\$ 344,139	21.0 %	\$ 145,982	21.0 %
Meals and entertainment	31,057	1.9 %	—	— %
State tax provision (benefit), net of federal benefit	163,657	10.0 %	41,660	6.0 %
Other permanent differences	12,651	0.8 %	15,458	2.2 %
Change in VA	10,849,714	662.1 %	—	— %
Stock compensation	(2,030)	(0.1)%	(91,454)	(13.2)%
Change in tax rate	147,911	9.0 %	(64,756)	(9.3)%
Return to provision	(153,254)	(9.4)%	—	— %
Other adjustments	(2,892)	(0.2)%	21,558	3.1 %
Expense	\$ 11,390,953	695.1 %	\$ 68,448	9.8 %

Changes in the Company's income tax expense relate primarily to states taxes, change in valuation allowance, changes in tax rates, return-to-provision adjustments, as well as changes in pre-tax income during the year ended December 31, 2023, as compared to the year ended December 31, 2022. For the years ended December 31, 2023 and December 31, 2022, effective tax rates were 695.1% and 9.8%, respectively. The difference between the statutory federal income tax rate and the Company's effective tax rate was primarily due to the valuation allowance, and state taxes.

For the years ended December 31, 2023 and December 31, 2022, the Company had gross uncertain tax positions attributable to the VIEs of \$1.2 million and \$1.3 million, respectively.

	December 31,	
	2023	2022
Beginning balances	\$ 1,314,351	\$ 1,314,351
Increases related to tax positions taken during a prior year	—	—
Decreases related to tax positions taken during a prior year	—	—
Increases related to tax positions taken during a current year	—	—
Decreases related to settlements with taxing authorities	—	—
Decreases related to expiration of the statute of limitations	(138,585)	—
Ending balances	\$ 1,175,766	\$ 1,314,351

At December 31, 2023 and December 31, 2022, there were \$19,433 and \$19,433, respectively, of unrecognized tax benefits that if recognized would affect the annual effective tax rate.

Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. Accrued interest and penalties was \$142,213 and \$143,584 for the years ended December 31, 2023 and December 31, 2022 and recorded as other liabilities.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2023, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2020 and 2019, respectively.

Note 10: Commitments and Contingencies

Leases

The table below summarizes the components of lease expense and income statement location for the years ended December 31, 2023 and December 31, 2022:

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	Line Item in the Company's Consolidated Income Statements	Years Ended December 31,	
		2023	2022
Finance lease costs:			
Amortization of assets	Depreciation and amortization	\$ 30,279	\$ 55,572
Interest on lease liabilities	Other expense, net	3,167	4,516
Total finance lease costs		\$ 33,446	\$ 60,088
Operating lease costs	General and administrative expenses	\$ 6,075,254	\$ 5,647,185
Total lease costs		\$ 6,108,700	\$ 5,707,273

Supplemental information and balance sheet location related to leases for the years ended December 31, 2023 and December 31, 2022 was as follows:

	Years Ended December 31,	
	2023	2022
Operating Leases:		
Operating lease right-of-use asset	\$12,413,221	\$20,587,199
Operating lease liability, current portion	\$ 3,756,328	\$ 5,295,830
Operating lease liability, net of current portion	10,914,997	18,672,719
Total operating lease liability	\$14,671,325	\$23,968,549
Finance Leases:		
Property and equipment, at cost	\$ 151,396	\$ 151,396
Less accumulated amortization	(117,932)	(87,652)
Property and equipment, net	\$ 33,464	\$ 63,744
Finance lease liability, current portion	\$ 25,491	\$ 24,433
Finance lease liability, net of current portion	38,016	63,507
Total finance lease liabilities	\$ 63,507	\$ 87,940
Weighted average remaining lease term (in years):		
Operating leases	4.8	5.4
Finance lease	2.4	3.4
Weighted average discount rate:		
Operating leases	5.4 %	4.8 %
Finance leases	4.3 %	4.3 %

Supplemental cash flow information related to leases for the years ended December 31, 2023 and December 31, 2022 were as follows:

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	Years Ended December 31,	
	2023	2022
Cash paid for amounts included in measurement of liabilities:		
Operating cash flows from operating leases	\$ 6,567,992	\$ 5,931,114
Operating cash flows from finance leases	3,167	4,516
Financing cash flows from finance leases	24,432	49,855
Non-cash transactions: ROU assets obtained in exchange for lease liabilities		
Operating lease	4,645,810	7,222,822
Finance lease	—	—

Maturities of lease liabilities as of December 31, 2023 were as follows:

	Operating Leases	Finance Lease
2024	\$ 4,424,754	\$ 27,600
2025	4,052,720	27,600
2026	2,753,979	11,500
2027	2,026,045	—
2028	1,202,912	—
Thereafter	2,233,735	—
Total lease payments	16,694,145	66,700
Less: Imputed interest	(2,022,820)	(3,193)
Total lease obligations	14,671,325	63,507
Less: Current obligations	(3,756,328)	(25,491)
Long-term lease obligation	\$ 10,914,997	\$ 38,016

The Company entered into a lease for its new corporate clinic's space that had not yet commenced as of the year ended December 31, 2023. This lease is expected to result in additional ROU asset and liability of approximately \$0.6 million. This lease is expected to commence during the first or second quarter of 2024, with lease terms ten years.

Guarantee in Connection with the Sale of the Divested Business

In connection with the sale of a company-managed clinic in 2022, the Company guaranteed one future operating lease commitment assumed by the buyers. The Company is obligated to perform under the guarantee if the buyers fail to perform under the lease agreement at any time during the remainder of the lease agreement, which expires on May 31, 2027. At the date of sale, the undiscounted maximum potential future payments totaled \$247,296. As of the year ended December 31, 2023, the undiscounted remaining lease payments under the agreement totaled \$184,296. The Company had not recorded a liability with respect to the guarantee obligation as of December 31, 2023, as the Company concluded that payment under the lease guarantee was not probable.

Litigation

In the normal course of business, the Company is party to litigation and claims from time to time. The Company maintains insurance to cover certain litigation and claims, subject to policy limits.

Note 11: Segment Reporting

An operating segment is defined as a component of an enterprise for which discrete financial information is available and is reviewed regularly by the Chief Operating Decision Maker ("CODM") to evaluate performance and make operating decisions. The Company has identified its CODM as the Chief Executive Officer.

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The Company has two operating business segments. The Corporate Clinics segment is comprised of the operating activities of the company-owned or managed clinics. As of December 31, 2023, the Company operated or managed 135 clinics under this segment. The Franchise Operations segment is comprised of the operating activities of the franchise business unit. As of December 31, 2023, the franchise system consisted of 800 clinics in operation. Corporate is a non-operating segment that develops and implements strategic initiatives and supports the Company's two operating business segments by centralizing key administrative functions such as finance and treasury, information technology, insurance and risk management, legal and human resources. Corporate also provides the necessary administrative functions to support the Company as a publicly-traded company. A portion of the expenses incurred by Corporate are allocated to the operating segments.

The tables below present financial information for the Company's two operating business segments.

	Year Ended December 31,	
	2023	2022
Revenues:		
Corporate clinics	\$ 70,718,880	\$ 59,422,294
Franchise operations	46,977,476	41,830,016
Total revenues	\$ 117,696,356	\$ 101,252,310
Depreciation and amortization:		
Corporate clinics	\$ 7,415,395	\$ 5,557,494
Franchise operations	809,135	744,172
Corporate administration	357,673	344,956
Total depreciation and amortization	\$ 8,582,203	\$ 6,646,622
Segment operating (loss) income:		
Corporate clinics	\$ (2,502,643)	\$ 110,257
Franchise operations	20,332,354	17,340,402
Unallocated corporate	(19,902,798)	(16,622,405)
Total segment operating (loss) income	\$ (2,073,087)	\$ 828,254
Reconciliation of total segment operating (loss) income to consolidated earnings before income taxes:		
Total segment operating (loss) income	\$ (2,073,087)	\$ 828,254
Other income (expense), net	3,711,843	(133,101)
Income before income tax expense	\$ 1,638,756	\$ 695,153
Segment assets:		
Corporate clinics	\$ 52,210,617	\$ 56,008,234
Franchise operations	10,521,582	12,360,878
Total segment assets	\$ 62,732,199	\$ 68,369,112
Unallocated cash and cash equivalents and restricted cash	\$ 19,214,292	\$ 10,550,417
Unallocated property and equipment	2,843,491	915,216
Other unallocated assets	2,360,877	13,655,632
Total assets	\$ 87,150,859	\$ 93,490,377

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"Unallocated cash and cash equivalents and restricted cash" relates primarily to corporate cash and cash equivalents and restricted cash as discussed at Note 1, "Cash and Cash Equivalents," "unallocated property and equipment" relates primarily to corporate fixed assets, and "other unallocated assets" relates primarily to deposits, prepaid and other assets.

Note 12: Employee Retention Credit

The employee retention credit ("ERC"), as originally enacted through the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") on March 27, 2020, is a refundable credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 17, 2020 to December 31, 2020. The Disaster Tax Relief Act, enacted on December 27, 2020, extended the ERC for qualified wages paid from January 1, 2021 to June 30, 2021 and the credit was increased to 70% of qualified wages an eligible employer paid to employees during the extended period. The American Rescue Plan Act of 2021, enacted on March 11, 2021, further extended the ERC through December 31, 2021.

In October 2022, the Company filed an application with the IRS for the ERC. Employers are eligible for the credit if they experienced full or partial suspension or modification of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on a comparison of quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The Company's ERC application was equal to 70% of qualified wages paid to employees during the period from January 1, 2021 to June 30, 2021 for a maximum quarterly credit of \$7,000 per employee. In March 2023, the Company received notice and refunds from the IRS related to the overpayment of Federal Employment Tax plus interest in the amount of \$4.8 million related to the ERC application. The \$4.8 million ERC is subject to a 20% consulting fee. The Company's eligibility remains subject to audit by the IRS for a period of five years.

Since there are no generally accepted accounting principles for for-profit business entities that receive government assistance that is not in the form of a loan, an income tax credit or revenue from a contract with a customer, we determined the appropriate accounting treatment by analogy to other guidance. We accounted for the ERC by analogy to International Accounting Standards ("IAS") 20, Accounting for Government Grants and Disclosure of Government Assistance, of International Financial Reporting Standards.

Under an IAS 20 analogy, a business entity would recognize the ERC on a systematic basis over the periods in which the entity recognizes the payroll expenses for which the grant (i.e., tax credit) is intended to compensate when there is reasonable assurance (i.e., it is probable) that the entity will comply with any conditions attached to the grant and the grant (i.e., tax credit) will be received.

We have accounted for the \$3.8 million ERC, net of the consulting fee, for the year ended December 31, 2023 as other income on the Statement of Income when the Company was reasonably assured that the Company met all requirements of the ERC and the grant would be received. The ERC refund is not taxable; however, the credit is subject to expense disallowance rules which increased income tax expense as a discrete item by \$0.9 million, net of the consulting expense deduction, for the year ended December 31, 2023.

Note 13: Related Party Transaction

Mr. Jefferson Gramm, Managing Partner of Bandera Partners LLC who is a beneficial holder of more than 5% of our outstanding common stock (approximately 27% as of December 31, 2023) was appointed to the Board of Directors effective as of January 2, 2024, to serve until the election and qualification of his successor at the 2024 Annual Meeting.

In December 2020, we sold two franchise licenses at \$39,900 and \$29,900 each (which reflects the \$10,000 multi-unit discount for the second license per the Franchise Disclosure Document) to Marshall Gramm, who is a family member of Mr. Jefferson Gramm. In April 2020 and 2021, we sold two franchise licenses at \$39,900 and \$29,900, respectively (which reflects the \$10,000 multi-unit discount for the second license per the Franchise Disclosure Document), to a franchisee of which Mr. Jefferson Gramm is a 50% co-partner in the business.

These transactions involved terms no less favorable to us than those that would have been obtained in the absence of such affiliation. Although we have no way of estimating the aggregate amount of franchise fees, royalties, advertising fund fees, IT related income and computer software fees that these franchisees will pay over the life of the franchise licenses, the franchisees affiliated with Mr. Gramm are subject to such fees under the same terms and conditions as all other franchisees. These franchisees affiliated with Mr. Gramm paid \$124,275 and \$92,767 in 2023 and 2022, respectively, for such royalties and other fees.

In October 2020, Mr. Gramm loaned approximately \$370,000 to an unaffiliated franchisee that owns and operates one franchise clinic. The loan is not secured by the assets of the business and there are no foreclosure rights.

Note 14: Subsequent Events

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On January 17, 2024, the Company paid down the outstanding balance on its Debt under the Credit Agreement of \$2,000,000.

The Joint Corp. 10-K/A -Annual Report, Item 8
Financial Statements and Supplementary Data
For the Fiscal Years Ended
December 31, 2022 and 2021

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
The Joint Corp.
Scottsdale, Arizona

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Joint Corp. (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Restatement of Consolidated Financial Statements

As discussed in Note 2 to the consolidated financial statements, the 2022 and 2021 financial statements have been restated to correct misstatements.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue growth rate utilized in the determination of the fair value of acquired member relationships and reacquired franchise rights for certain acquisitions

As described in Note 4 of the consolidated financial statements, the Company acquired certain clinics during the current year. As a result of the acquisitions, management was required to determine the estimated fair values of assets acquired and liabilities assumed, including certain identifiable intangible assets. Management utilized third-party valuation specialists to assist in the preparation of the valuation of certain identifiable intangible assets. Management exercised judgment to develop and select revenue growth rates in the measurement of the fair value of the acquired member relationships and reacquired franchise rights.

We identified the revenue growth rates utilized in the determination of the fair value of acquired member relationships and reacquired franchise rights for certain acquisitions as a critical audit matter. The principal considerations for our determination

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included the subjectivity and judgment required to determine the revenue growth rates used in the fair value measurement of acquired member relationships and reacquired franchise rights for certain acquisitions. Auditing these revenue growth rates involved especially subjective auditor judgment due to the nature and extent of audit effort required.

The primary procedures we performed to address this critical audit matter included:

Evaluating the reasonableness of the revenue growth rates by (i) reviewing the historical performance of the Company using its audited financial statements, (ii) assessing revenue projections against industry metrics, and (iii) comparing the actual post-acquisition net revenue to the forecast revenue.

/s/ EDO USA, P.C.

We have served as the Company's auditor since 2021.
Phoenix, Arizona

March 10, 2023, except for the effects of the restatement discussed in Note 2, as to which the date is September 26, 2023

THEJOINT CORP.

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CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,745,066	\$ 10,526,119
Restricted cash	805,351	386,219
Accounts receivable	3,911,272	3,700,810
Deferred franchise and regional development costs, current portion	1,054,060	994,587
Prepaid expenses and other current assets	2,068,359	2,281,765
Total current assets	17,614,108	26,889,500
Property and equipment, net	17,475,152	14,388,946
Operating lease right-of-use asset	20,587,199	18,425,914
Deferred franchise and regional development costs, net of current portion	5,707,678	5,505,420
Intangible assets, net	10,928,295	4,712,763
Goodwill	8,493,407	5,085,203
Deferred tax assets	11,928,152	11,486,799
Deposits and other assets	756,386	567,202
Total assets	<u>\$ 93,490,377</u>	<u>\$ 87,061,747</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,966,589	\$ 1,705,568
Accrued expenses	1,069,610	1,809,460
Co-op funds liability	805,351	386,219
Payroll liabilities (\$0.6 million and \$0.4 million attributable to VIEs as of December 31, 2022 and 2021)	2,030,510	3,906,317
Operating lease liability, current portion	5,295,830	4,613,843
Finance lease liability, current portion	24,433	49,855
Deferred franchise fee revenue, current portion	2,468,601	2,421,721
Deferred revenue from company clinics (\$4.7 million and \$3.5 million attributable to VIEs as of December 31, 2022 and 2021)	7,471,549	5,235,745
Upfront regional developer fees, current portion	487,250	770,171
Other current liabilities	597,294	539,500
Total current liabilities	23,217,017	21,438,399
Operating lease liability, net of current portion	18,672,719	16,872,093
Finance lease liability, net of current portion	63,507	87,939
Debt under the Credit Agreement	2,000,000	2,000,000
Deferred franchise fee revenue, net of current portion	14,161,134	12,953,430
Upfront regional developer fees, net of current portion	1,500,278	2,505,491
Other liabilities	1,287,879	895,711
Total liabilities	60,902,534	56,753,063
Commitments and contingencies (note 11)		
Stockholders' equity:		
Series A preferred stock, \$0.001 par value, 50,000 shares authorized, 0 issued and outstanding, as of December 31, 2022 and 2021	—	—
Common stock, \$0.001 par value, 20,000,000 shares authorized, 14,560,353 shares issued and 14,528,487 shares outstanding as of December 31, 2022 and 14,451,355 shares issued and 14,419,712 outstanding as of December 31, 2021	14,560	14,450
Additional paid-in capital	45,558,305	43,900,157
Treasury stock 31,866 shares as of December 31, 2022 and 31,643 shares as of December 31, 2021, at cost	(856,642)	(850,838)
Accumulated deficit	(12,153,380)	(12,780,085)
Total The Joint Corp. stockholders' equity	32,562,843	30,283,684
Non-controlling interest	25,000	25,000
Total equity	32,587,843	30,308,684
Total liabilities and stockholders' equity	<u>\$ 93,490,377</u>	<u>\$ 87,061,747</u>

See notes to consolidated financial statements.

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**THE JOINT CORP.
CONSOLIDATED INCOME STATEMENTS**

	Year Ended December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Revenues:		
Revenues from company-owned or managed clinics	\$ 59,422,294	\$ 44,348,234
Royalty fees	26,190,531	22,062,989
Franchise fees	2,441,325	2,659,097
Advertising fund revenue	7,456,696	6,298,924
Software fees	4,290,739	3,383,856
Other revenues	1,450,725	1,257,913
Total revenues	<u>101,252,310</u>	<u>80,011,013</u>
Cost of revenues:		
Franchise and regional developer cost of revenues	7,803,404	6,539,486
IT cost of revenues	1,367,659	1,105,652
Total cost of revenues	<u>9,171,063</u>	<u>7,665,138</u>
Selling and marketing expenses	13,962,709	11,424,416
Depreciation and amortization	6,646,622	3,921,887
General and administrative expenses	30,233,447	50,846,818
Total selling, general and administrative expenses	<u>90,842,778</u>	<u>66,193,121</u>
Net loss on disposition or impairment	410,215	26,789
Income from operations	828,254	6,125,965
Other expense, net	(133,101)	(69,878)
Income before income tax expense (benefit)	695,153	6,056,087
Income tax expense (benefit)	68,448	(1,508,960)
Net income	<u>\$ 626,705</u>	<u>\$ 7,565,047</u>
Earnings per share:		
Basic earnings per share	\$ 0.04	\$ 0.53
Diluted earnings per share	\$ 0.04	\$ 0.51
Basic weighted average shares	14,888,314	14,319,448
Diluted weighted average shares	14,868,093	14,935,577

See notes to consolidated financial statements.

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THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock			Treasury Stock			Total The Joint Corp. stockholder's equity	Non-controlling interest	Total
	Shares	Amount	Additional Paid In Capital	Shares	Amount	Accumulated Deficit			
						(As Restated)	(As Restated)		(As Restated)
Balances, December 31, 2020 (as restated)	14,174,237	14,174	41,350,001	17,367	(143,111)	(20,345,132)	20,875,932	100	20,876,032
Stock-based compensation expense	—	—	1,056,015	—	—	—	1,056,015	—	1,056,015
Issuance of restricted stock	17,074	17	(17)	—	—	—	—	—	—
Exercise of stock options	290,044	299	1,519,058	—	—	—	1,519,317	—	1,519,317
Purchases of treasury stock under employee stock plans	—	—	—	14,476	(707,727)	—	(707,727)	—	(707,727)
Change in non-controlling interest	—	—	(24,900)	—	—	—	(24,900)	24,900	—
Net income (as restated)	—	—	—	—	—	7,565,047	7,565,047	—	7,565,047
Balances, December 31, 2021 (as restated)	14,451,355	14,450	43,900,157	31,643	(850,838)	(12,780,085)	30,283,684	25,000	30,308,684
Stock-based compensation expense	—	—	1,273,989	—	—	—	1,273,989	—	1,273,989
Issuance of restricted stock	65,618	66	(66)	—	—	—	—	—	—
Exercise of stock options	43,380	44	384,225	—	—	—	384,269	—	384,269
Purchases of treasury stock under employee stock plans	—	—	—	223	(5,804)	—	(5,804)	—	(5,804)
Net income (as restated)	—	—	—	—	—	626,705	626,705	—	626,705
Balances, December 31, 2022 (as restated)	14,560,353	\$ 14,560	\$45,558,305	31,866	\$856,642	\$(12,153,380)	\$ 32,562,843	\$ 25,000	\$32,587,843

See notes to consolidated financial statements.

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THEJOINT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Cash flows from operating activities:		
Net (loss) income	\$ 626,705	\$ 7,565,047
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	6,646,622	3,921,887
Net loss on disposition or impairment (non-cash portion)	410,215	125,237
Net franchise fees recognized upon termination of franchise agreements	(68,537)	(133,007)
Deferred income taxes	(441,353)	(1,778,157)
Stock based compensation expense	1,273,989	1,056,015
Changes in operating assets and liabilities:		
Accounts receivable	(154,672)	(1,637,589)
Prepaid expenses and other current assets	183,406	(715,740)
Deferred franchise costs	(351,151)	(1,418,235)
Deposits and other assets	(189,184)	(148,516)
Accounts payable	818,265	(14,373)
Accrued expenses	(1,170,070)	886,738
Payroll liabilities	(1,875,807)	1,130,281
Upfront regional developer fees	(1,288,134)	(572,944)
Deferred revenue	2,889,139	4,162,209
Other liabilities	500,151	1,415,227
Net cash provided by operating activities	<u>8,209,584</u>	<u>13,844,080</u>
Cash flows from investing activities:		
Acquisition of AZ clinics	(6,966,923)	(1,925,000)
Acquisition of NC clinics	(3,289,312)	(3,840,135)
Acquisition of CA clinics	(1,850,000)	—
Proceeds from sale of clinics	105,200	—
Purchase of property and equipment	(5,899,080)	(6,989,534)
Net cash used in investing activities	<u>(17,900,115)</u>	<u>(12,754,669)</u>
Cash flows from financing activities:		
Payments of finance lease obligation	(49,855)	(80,322)
Purchases of treasury stock under employee stock plans	(5,804)	(707,727)
Proceeds from exercise of stock options	384,269	1,519,317
Repayment of debt under the Paycheck Protection Program	—	(2,727,970)
Net cash provided by (used in) financing activities	<u>328,610</u>	<u>(1,996,702)</u>
Decrease in cash	(9,361,921)	(907,291)
Cash, cash equivalents and restricted cash, beginning of period	19,912,338	20,819,629
Cash, cash equivalents and restricted cash, end of period	<u>\$ 10,550,417</u>	<u>\$ 19,912,338</u>
	December 31,	December 31,
	2022	2021
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 9,745,066	\$ 19,526,119
Restricted cash	805,351	386,219
	<u>\$ 10,550,417</u>	<u>\$ 19,912,338</u>

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During the years ended December 31, 2022 and 2021, cash refunded for income taxes was \$369,481 and cash paid for income taxes was \$566,808, respectively. During the years ended December 31, 2022 and 2021, cash paid for interest was \$71,255 and \$69,273, respectively.

See notes to consolidated financial statements.

Supplemental disclosure of non-cash activity:

As of December 31, 2022, accounts payable and accrued expenses included property and equipment purchases of \$442,756 and \$133,969, respectively. As of December 31, 2021, accounts payable and accrued expenses included property and equipment purchases of \$198,293 and \$152,501, respectively.

In connection with the acquisitions during the years ended December 31, 2022 and December 31, 2021, net deferred revenue of \$200,371 and \$134,539, respectively, relating to unrecognized net franchise fees collected upon the execution of the franchise agreements reduced the purchase price of the acquisitions.

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THE JOINT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations and Summary of Significant Accounting Policies**Basis of Presentation**

These financial statements represent the consolidated financial statements of The Joint Corp. ("The Joint"), which includes its variable interest entities ("VIEs"), and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the "Company"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses, other (expenses) income, and income taxes that are reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates. For a discussion of significant estimates and judgments made in recognizing revenue, accounting for leases, and accounting for income taxes, see Note 3, "Revenue Disclosures", Note 10, "Income Taxes", and Note 11, "Commitments and Contingencies".

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC, which was dormant for all periods presented. The Company consolidates VIEs in which the Company is the primary beneficiary in accordance with Accounting Standards Codification 810, Consolidations ("ASC 810"). Non-controlling interests represent third-party equity ownership interests in VIEs. All significant inter-affiliate accounts and transactions between The Joint and its VIEs have been eliminated in consolidation.

Comprehensive Income

Net income and comprehensive income are the same for the years ended December 31, 2022 and 2021.

Nature of Operations

The Joint Corp., a Delaware corporation, was formed on March 10, 2010 for the principal purpose of franchising, developing, selling regional developer rights, supporting the operations of franchised chiropractic clinics, and operating and managing corporate chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The following table summarizes the number of clinics in operation under franchise agreements and as company-owned or managed for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Franchised clinics:		
Clinics open at beginning of period	610	515
Opened during the period	121	110
Acquired during the period	2	—
Sold during the period	(36)	(12)
Closed during the period	(5)	(3)
Clinics in operation at the end of the period	712	630

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	Year Ended December 31,	
	2022	2021
Company-owned or managed clinics:		
Clinics open at beginning of period	96	64
Opened during the period	16	20
Acquired during the period	16	12
Sold during the period	(2)	—
Closed during the period	—	—
Clinics in operation at the end of the period	126	96
Total clinics in operation at the end of the period	838	706
Clinic licenses sold but not yet developed	197	245
Executed letters of intent for future clinic licenses	38	38

Variable Interest Entities

Certain states prohibit the "corporate practice of chiropractic," which restricts business corporations from practicing chiropractic care by exercising control over clinical decisions by chiropractic doctors. In states which prohibit the corporate practice of chiropractic, the Company typically enters into long-term management services agreements ("MSAs") with professional corporations ("PCs") that are owned by licensed chiropractic doctors, which, in turn, employ or contract with doctors who provide professional chiropractic care in its clinics. Under these management agreements with PCs, the Company provides, on an exclusive basis, all non-clinical services of the chiropractic practice. The Company has entered into such management agreements with three PCs, including one in Kansas, in connection with the opening of company-managed clinics in August 2022. An entity deemed to be the primary beneficiary of a VIE is required to consolidate the VIE in its financial statements. An entity is deemed to be the primary beneficiary of a VIE if it has both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb the majority of losses of the VIE or the right to receive the majority of benefits from the VIE. In accordance with relevant accounting guidance, these PCs were determined to be VIEs. Such PCs are VIEs, as fees paid by the PCs to the Company as its management service provider are considered variable interests because the fees do not meet all the following criteria: 1) The fees are compensation for services provided and are commensurate with the level of effort required to provide those services; 2) The decision maker or service provider does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIE's expected losses or receive more than an insignificant amount of the VIE's expected residual returns; 3) The service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length. Additionally, the Company has determined that it has the ability to direct the activities that most significantly impact the performance of these PCs and have an obligation to absorb losses or receive benefits which could potentially be significant to the PCs. Accordingly, the PCs are variable interest entities for which the Company is the primary beneficiary and are consolidated by the Company.

The revenues of VIEs represent the revenues of Company-managed clinics in states that prohibit the corporate practice of chiropractic. The Company's involvement with VIEs affects its financial performance and cash flows primarily through amounts recorded in Revenues from company-owned or managed clinics and General and administrative expenses, which are principally comprised of payroll and related expenses. The management fees/income provided by the MSAs are considered intercompany transactions and therefore eliminated upon consolidation of VIEs.

The VIEs' total revenue and payroll and related expenses for the year ended December 31, 2022 were \$34.8 million and \$14.0 million, respectively. The VIEs' total revenue and payroll and related expenses for the year ended December 31, 2021 were \$28.6 million and \$8.5 million, respectively.

The VIEs' deferred revenue liability balance for amounts collected in advance for membership and wellness packages was \$4.7 million and \$3.5 million as of December 31, 2022 and December 31, 2021, respectively. The VIEs' payroll liability balance as of December 31, 2022 and December 31, 2021 was \$0.6 million and \$0.4 million, respectively. The carrying amount of the other VIEs' assets and liabilities was immaterial as of December 31, 2022 and December 31, 2021.

[Table of Contents](#)**Cash and Cash Equivalents**

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the period, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company has invested substantially all its cash in short-term bank deposits. The Company had no cash equivalents as of December 31, 2022 and 2021.

Restricted Cash

Restricted cash relates to cash that franchisees and company-owned or managed clinics contribute to the Company's National Marketing Fund and cash that franchisees provide to various voluntary regional Co-Op Marketing Funds. Cash contributed by franchisees to the National Marketing Fund is to be used in accordance with the Company's Franchise Disclosure Document with a focus on regional and national marketing and advertising. While such cash balance is not legally segregated and restricted as to withdrawal or usage, the Company's accounting policy is to classify these funds as restricted cash.

Accounts Receivable

Accounts receivable primarily represent amounts due from franchisees for royalty and software fees. The Company records an allowance for credit losses as a reduction to its accounts receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectability based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2022, and 2021, the Company had no allowance for credit losses on accounts receivable.

Deferred Franchise Costs and Regional Development Costs

Deferred franchise and regional development costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise license or regional development rights. These costs are recognized as an expense, in franchise and regional development cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise or regional developer agreement.

Property and Equipment

Property and equipment are stated at cost or for property acquired as part of franchise acquisitions at fair value at the date of closing. Depreciation is computed using the straight-line method over estimated useful lives, which is generally three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Capitalized Software

The Company capitalizes certain software development cost, including costs to implement cloud computing arrangements that is a service contract. These capitalized costs are primarily related to software used by clinics for operations and by the Company for the management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Software developed is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life, which is generally three to five years. Implementation costs incurred in connection with a cloud computing arrangement that is a service contract are included in prepaid expenses in the Company's consolidated balance sheets.

Leases

The Company leases property and equipment under operating and finance leases. The Company leases its corporate office space and the space for each of the company-owned or managed clinic in the portfolio. The Company recognizes a right-of-use

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("ROU") asset and lease liability for all leases. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the right-of-use asset and lease liability. When available, the Company uses the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of its leases. In such cases, the Company estimates its incremental borrowing rate as the interest rate it would pay to borrow an amount equal to the lease payments over a similar term, with similar collateral as in the lease, and in a similar economic environment. The Company estimates these rates using available evidence such as rates imposed by third-party lenders to the Company in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to the Company's estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, the Company recognizes lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. Pre-opening costs are recorded as incurred in general and administrative expenses. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred and are also included in general and administrative expenses on the consolidated income statements.

Intangible Assets

Intangible assets consist primarily of re-acquired franchise rights and customer relationships. The Company amortizes the fair value of re-acquired franchise rights over the remaining contractual term of the re-acquired franchise rights at the time of the acquisition, which generally range from one to nine years. The fair value of customer relationships is amortized over their estimated useful life of two to four years.

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired in the acquisitions of franchises. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are tested for impairment annually and more frequently if a triggering event occurs that makes it more likely than not that the fair value of a reporting unit is below carrying value. As required, the Company performs an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if a triggering event occurs. No impairments of goodwill were recorded for the years ended December 31, 2022 and 2021.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. During the year ended December 31, 2022, an operating lease ROU asset related to a closed clinic with a total carrying amount of approximately \$250,000 was written down to zero. As a result, the Company recorded a noncash impairment loss of approximately \$250,000 during the year ended December 31, 2022. During the year ended December 31, 2021, certain operating lease right-of-use assets related to closed clinics with a total carrying amount of \$0.5 million were written down to their fair value of \$0.4 million. As a result, the Company recorded a noncash impairment loss of approximately \$0.1 million during the year ended December 31, 2021.

In connection with the sale of two company-managed clinics to franchisees, the Company reclassified \$288,192 of property and equipment and \$399,807 of ROU assets to Assets held for sale and reclassified \$428,593 of ROU liability and \$54,351 of deferred revenue from company clinics to Liabilities to be disposed of in the consolidated balance sheet as of June 30, 2022. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. As a result, the Company recorded a valuation allowance of \$79,400 to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2022. One of the two clinics was sold during August 2022, and the second clinic was sold in October 2022.

Advertising Fund

The Company has established an advertising fund for national or regional marketing and advertising of services offered by its clinics. The monthly marketing fee is 2% of clinic sales. The Company segregates the marketing funds collected which are

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included in restricted cash on its consolidated balance sheets. As amounts are expended from the fund, the Company recognizes a related expense. Such costs are included in selling and marketing expenses on the consolidated income statements.

Co-Op Marketing Funds

Some franchisees have established regional Co-Ops for advertising within their local and regional markets. The Company maintains a custodial relationship under which the Co-Op Marketing Funds collected are segregated and used for the purposes specified by the Co-Ops' officers. The Co-Op Marketing Funds are included in restricted cash on the Company's consolidated balance sheets.

Revenue Recognition

The Company generates revenue primarily through its company-owned and managed clinics and through royalties, franchise fees, advertising fund contributions, IT related income and computer software fees from its franchisees.

Revenues from Company-Owned or Managed Clinics. The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed. Any unused visits associated with monthly memberships are recognized on a month-to-month basis. The Company recognizes a contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which the Company has an ongoing performance obligation. The Company derecognizes this contract liability, and recognizes revenue, as the patient consumes his or her visits related to the package and the Company transfers its services. If the Company determines that it is not subject to unclaimed property laws for the portion of wellness package that it does not expect to be redeemed (referred to as "breakage") then it recognizes breakage revenue in proportion to the pattern of exercised rights by the patient.

Royalties and Advertising Fund Revenue. The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing and advertising fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of clinic sales over the term of the franchise agreement. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which generally requires a reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price). As the franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement, such sales-based royalties are recognized as franchisee clinic level sales occur. Royalties are collected semi-monthly, two working days after each sales period has ended.

Franchise Fees. The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of ten years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff, site selection, construction/vendor management and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Renewal franchise fees, as well as transfer fees, are also recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Software Fees. The Company collects a monthly fee from its franchisees for use of its proprietary chiropractic software, computer support, and internet services support. These fees are recognized ratably on a straight-line basis over the term of the respective franchise agreement.

Capitalized Sales Commissions. Sales commissions earned by the regional developers and the Company's sales force are considered incremental and recoverable costs of obtaining a franchise agreement with a franchisee. These costs are deferred and then amortized as the respective franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement.

Upfront Regional Developer Rights Fees (as restated)

The Company has a regional developer program where regional developers are granted an exclusive geographical territory and commit to a minimum development obligation within that defined territory. Upon granting of the exclusive rights to develop a territory, a regional developer will pay an upfront fee to the Company. Upfront regional developer fees represent consideration received from a vendor to act as the Company's agent within an exclusive territory. The upfront regional developer rights fee is

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accounted for as a reduction of cost of revenues, in franchise and regional development cost of revenues, to offset the respective future commissions paid to the regional developer. The fees are ratably recognized over the term of the related regional developer agreement.

Regional developers receive fees which are funded by the initial franchise fees collected from franchisees upon the sale of franchises within their exclusive geographical territory and a royalty of 3% of sales generated by franchised clinics in their exclusive geographical territory. Initial fees related to the sale of franchises within their exclusive geographical territory are initially deferred as deferred franchise costs and are recognized as an expense in franchise cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise agreement. Royalties of 3% of sales generated by franchised clinics in their regions are also recognized as franchise cost of revenues as franchisee clinic level sales occur. This 3% fee is funded by the 7% royalties we collect from the franchisees in their regions. Certain regional developer agreements result in the regional developer acquiring the rights to existing royalty streams from clinics already open in the respective territory. In those instances, fees collected from the sale of the royalty streams is recognized as a decrease to franchise and regional developer cost of revenues over the remaining life of the respective franchise agreements.

Regional Developer Rights Contract Termination Costs (as restated)

From time to time, subject to the Company's strategy, regional developer rights are reacquired by the Company, resulting in a termination of the contract. The termination costs to reacquire the regional developer rights are recognized at fair value, less any unrecognized upfront regional developer fee liability balance, as a general and administrative expense in the period in which the contract is terminated in accordance with the contract terms and are recorded within general and administrative expenses.

Advertising Costs

Advertising costs are advertising and marketing expenses incurred by the Company, primarily through advertising funds. The Company expenses production costs of commercial advertising upon first airing and expenses the costs of communicating the advertising in the period in which the advertising occurs. Advertising expenses were \$5,163,383 and \$4,116,740, for the years ended December 31, 2022 and 2021, respectively.

Income Taxes (as restated)

Income taxes are accounted for using a balance sheet approach known as the asset and liability method. The asset and liability method accounts for deferred income taxes by applying the statutory tax rates in effect at the date of the consolidated balance sheets to differences between the book basis and the tax basis of assets and liabilities. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Tax positions are reviewed at least quarterly and adjusted as new information becomes available. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These estimates of future taxable income inherently require significant judgment. To the extent it is considered more likely than not that a deferred tax asset will be not recovered, a valuation allowance is established.

The Company accounts for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits and expenses recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company has identified \$1.3 million and \$1.3 million in uncertain tax positions as of December 31, 2022 and 2021, respectively. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2022, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2018 and 2017, respectively.

Earnings per Common Share

Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share is computed by giving effect to all potentially dilutive common shares including restricted stock and stock options.

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	Year Ended December 31,	
	2022	2021
	(As Restated)	(As Restated)
Net income	\$ 626,705	\$ 7,565,047
Weighted average common shares outstanding - basic	14,488,314	14,319,448
Effect of dilutive securities:		
Unvested restricted stock and stock options	379,779	616,129
Weighted average common shares outstanding - diluted	14,868,093	14,935,577
Basic earnings per share	\$ 0.04	\$ 0.53
Diluted earnings per share	\$ 0.04	\$ 0.51

Potentially dilutive securities excluded from the calculation of diluted net income per common share as the effect would be anti-dilutive were as follows:

	Year Ended December 31,	
	2022	2021
Unvested restricted stock	—	58
Stock options	40,349	4,658

Stock-Based Compensation

The Company accounts for share-based payments by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

Retirement Benefit Plan

Employees of the Company are eligible to participate in a defined contribution retirement plan, the Joint Corp. 401(k) Retirement Plan (the "401(k) Plan"), under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, employees may contribute their eligible compensation, not to exceed the annual limits set by the IRS. The 401(k) Plan allows the Company to match participants' contributions in an amount determined at the sole discretion of the Company. The Company matched participants' contributions for the years ended December 31, 2022 and 2021, up to a maximum of 4% of the employee's eligible compensation. Employer contributions totaled \$478,277 and \$346,561, for the years ended December 31, 2022 and 2021, respectively.

Loss Contingencies

ASC Topic 450 governs the disclosure of loss contingencies and accrual of loss contingencies in respect of litigation and other claims. The Company records an accrual for a potential loss when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. When the reasonable estimate of the potential loss is within a range of amounts, the minimum of the range of potential loss is accrued, unless a higher amount within the range is a better estimate than any other amount within the range. Moreover, even if an accrual is not required, the Company provides additional disclosure related to litigation and other claims when it is reasonably possible (i.e., more than remote) that the outcomes of such litigation and other claims include potential material adverse impacts on the Company. Legal costs to be incurred in connection with a loss contingency are expensed as such costs are incurred.

Use of Estimates

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The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to significant estimates and assumptions include loss contingencies, share-based compensations, useful lives and realizability of long-lived assets, deferred revenue and revenue recognition related to breakage, deferred franchise costs, calculation of RCU assets and liabilities related to leases, realizability of deferred tax assets, impairment of goodwill, intangible assets, other long-lived assets, and purchase price allocations and related valuations.

Recently Adopted Accounting Guidance and Accounting Pronouncements Not Yet Adopted

None.

Note 2: Restatement of Previously Issued Annual Consolidated Financial Statements for the Fiscal Years Ended December 31, 2022 and December 31, 2021

Subsequent to the issuance of the Company's consolidated financial statements as of and for the year ended December 31, 2022, included in the Form 10-K filed with the SEC on March 10, 2023, the following errors were identified:

- The Company has historically recorded the re-acquired Regional Developer Rights as an intangible asset and amortized the re-acquired Regional Developer Rights over the contractual terms under the RD Agreement remaining at the time of the re-acquisition. The Company has concluded that this treatment was incorrect in accordance with U.S. GAAP. The Company should not have capitalized the re-acquired Regional Developer Rights but instead should have recognized the full cost of the re-acquisition as an expense in the respective period.
- The Company has historically recorded the upfront fee paid by the regional developer as a deferred liability, which was then recognized ratably to revenue as the regional developer performed various service obligations. However, the Company concluded that the deferred liability should be ratably recognized against cost of revenue as an offset against future commissions instead of revenue.
- The Company has historically charged the VIEs a management fee for the benefit of the Company providing non-clinical administrative services needed by the professional corporation chiropractic practice. The economic compensation or profitability resulting from an intercompany transaction between two or more parties is based on each party's relative contribution to the economic activity under analysis. The standalone professional corporations have not historically been profitable from an income tax perspective and are fully valuing their deferred tax assets and related attributes for ASC 740 purposes. The professional corporations' earned annual losses were not consistent with their function, risk, and asset profile for transfer pricing. As such, the Company has estimated transfer pricing adjustments which were computed based on assumed targets of profitability. The resulting operating profit, after incorporating estimated transfer pricing adjustments, were further used as a means for computing overall potential tax exposure and correlative benefit.

The Company assessed the impact of these errors on its previously issued financial statements and determined them to be quantitatively and qualitatively material to 2022 and 2021 based on its analysis of Staff Accounting Bulletin ("SAB") No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". These errors have been corrected in the accompanying consolidated balance sheets as of December 31, 2022 and 2021 and the consolidated income statements, statements of changes in stockholders' equity, and statements of cash flows for the years then ended.

The following table summarizes the effect of the errors on the Company's consolidated balance sheet as of December 31, 2022:

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	December 31, 2022		December 31, 2022	
	As Previously Reported	Adjustments	As Restated	
Intangible assets, net	\$ 12,867,529	\$ (1,939,234)	\$ 10,928,295	
Deferred tax assets	8,441,713	3,486,439	11,928,152	
Total assets	91,943,172	1,547,205	93,490,377	
Current liabilities:				
Deferred franchise and regional development fee revenue, current portion	2,955,851	(2,955,851)	—	
Deferred franchise fee revenue, current portion	—	2,468,601	2,468,601	
Upfront regional developer fees, current portion	—	487,250	487,250	
Other current liabilities	499,250	98,044	597,294	
Total current liabilities	23,118,973	98,044	23,217,017	
Deferred franchise and regional development fee revenue, net of current portion	15,661,412	(15,661,412)	—	
Deferred franchise fee revenue, net of current portion	—	14,161,134	14,161,134	
Upfront regional developer fees, net of current portion	—	1,500,278	1,500,278	
Other liabilities	27,230	1,260,649	1,287,879	
Total liabilities	59,543,841	1,358,693	60,902,534	
Accumulated deficit	(12,341,892)	188,512	(12,153,380)	
Total The Joint Corp. stockholders' equity	32,374,331	188,512	32,562,843	
Total equity	32,399,331	188,512	32,587,843	
Total liabilities and stockholders' equity	91,943,172	1,547,205	93,490,377	

The following table summarizes the effect of the errors on the Company's consolidated income statement for the year ended December 31, 2022:

	Year Ended December 31, 2022		Year Ended December 31, 2022	
	As Previously Reported	Adjustments	As Restated	
Revenues:				
Regional developer fees	\$ 659,099	\$ (659,099)	\$ —	
Total revenues	101,911,409	(659,099)	101,252,310	
Cost of revenues:				
Franchise and regional developer cost of revenues	8,462,503	(659,099)	7,803,404	
Total cost of revenues	9,830,162	(659,099)	9,171,063	
Depreciation and amortization	7,643,980	(997,398)	6,646,622	
General and administrative expenses	67,987,482	2,245,965	70,233,447	
Total selling, general and administrative expenses	89,594,171	1,248,607	90,842,778	
Income from operations	2,076,861	(1,248,607)	828,254	
Income before income tax expense (benefit)	1,943,760	(1,248,607)	695,153	
Income tax expense (benefit)	766,510	(698,062)	68,448	
Net income	1,177,250	(550,545)	626,705	
Earnings per share:				
Basic earnings per share	\$ 0.08	\$ (0.04)	\$ 0.04	
Diluted earnings per share	\$ 0.08	\$ (0.04)	\$ 0.04	

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity as of December 31, 2022, December 31, 2021, and December 31, 2020:

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	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
12/31/2020 (as previously reported)	(20,094,912)	21,126,152	21,126,252
Adjustment due to cumulative error correction	(250,220)	(250,220)	(250,220)
12/31/2020 (as restated)	(20,345,132)	20,875,932	20,876,032
12/31/2021 (as previously reported)	(13,519,142)	29,544,627	29,569,627
Adjustment due to cumulative error correction	739,057	739,057	739,057
12/31/2021 (as restated)	(12,780,085)	30,283,684	30,308,684
12/31/2022 (as previously reported)	(12,341,892)	32,374,331	32,399,331
Adjustment due to cumulative error correction	188,512	188,512	188,512
12/31/2022 (as restated)	(12,153,380)	32,562,843	32,587,843

The following table summarizes the effect of the errors on the Company's consolidated statement of cash flows for the year ended December 31, 2022:

	Year Ended December 31, 2022		Year Ended December 31, 2022
	As Previously Reported	Adjustments	As Restated
Cash flows from operating activities:			
Net income	\$ 1,177,250	(550,545)	\$ 626,705
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,643,980	(997,358)	6,646,622
Deferred income taxes	746,921	(1,188,274)	(441,353)
Changes in operating assets and liabilities:			
Upfront regional developer fees	—	(1,288,134)	(1,288,134)
Deferred revenue	2,230,041	650,098	2,880,139
Other liabilities	409,938	490,213	900,151
Net cash provided by operating activities	11,084,584	(2,875,000)	8,209,584
Cash flows from investing activities:			
Reacquisition and termination of regional developer rights	(2,875,000)	2,875,000	—
Net cash used in investing activities	(20,775,115)	2,875,000	(17,900,115)
Decrease in cash	(9,361,921)	—	(9,361,921)

The following table summarizes the effect of the errors on the Company's consolidated balance sheet as of December 31, 2021:

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	December 31, 2021	Adjustments	December 31, 2021
	As Previously Reported		As Restated
Intangible assets, net	5,403,390	(690,627)	4,712,763
Deferred tax assets	9,188,634	2,298,165	11,486,799
Total assets	85,454,209	1,607,538	87,061,747
Current liabilities:			
Deferred franchise and regional development fee revenue, current portion	3,191,892	(3,191,892)	—
Deferred franchise fee revenue, current portion	—	2,421,721	2,421,721
Uplifted regional developer fees, current portion	—	770,171	770,171
Other current liabilities	539,500	—	539,500
Total current liabilities	21,438,399	—	21,438,399
Deferred franchise and regional development fee revenue, net of current portion	15,458,921	(15,458,921)	—
Deferred franchise fee revenue, net of current portion	—	12,953,430	12,953,430
Uplifted regional developer fees, net of current portion	—	2,505,491	2,505,491
Other liabilities	27,230	868,481	895,711
Total liabilities	55,884,582	868,481	56,753,063
Accumulated deficit	(13,519,142)	739,057	(12,780,085)
Total The Joint Corp. stockholders' equity	29,544,627	739,057	30,283,684
Total equity	29,569,627	739,057	30,308,684
Total liabilities and stockholders' equity	85,454,209	1,607,538	87,061,747

The following table summarizes the effect of the errors on the Company's consolidated income statement for the year ended December 31, 2021:

	Year Ended December 31, 2021	Adjustments	Year Ended December 31, 2021
	As Previously Reported		As Restated
Revenues:			
Regional developer fees	848,640	(848,640)	—
Total revenues	80,859,653	(848,640)	80,011,013
Cost of revenues:			
Franchise and regional developer cost of revenues	7,408,125	(848,639)	6,559,486
Total cost of revenues	8,513,777	(848,639)	7,665,138
Depreciation and amortization	6,088,947	(2,167,000)	3,921,947
General and administrative expenses	49,453,305	1,393,513	50,846,818
Total selling, general and administrative expenses	66,966,668	(773,547)	66,193,121
Income from operations	5,352,419	773,546	6,125,965
Income before income tax expense (benefit)	5,282,541	773,546	6,056,087
Income tax (benefit)	(1,293,229)	(215,731)	(1,508,960)
Net income	6,575,770	989,277	7,565,047
Earnings per share:			
Basic earnings per share	\$ 0.46	\$ 0.07	\$ 0.53
Diluted earnings per share	\$ 0.44	\$ 0.07	\$ 0.51

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The following table summarizes the effect of the errors on the Company's consolidated statement of cash flows for the year ended December 31, 2021:

	Year Ended December 31, 2021	Adjustments	Year Ended December 31, 2021
	As Previously Reported		As Restated
Cash flows from operating activities:			
Net income	\$ 6,575,770	980,277	\$ 7,565,047
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,088,947	(2,167,060)	3,921,887
Deferred income taxes	(1,247,199)	(530,958)	(1,778,157)
Changes in operating assets and liabilities:			
Upfront regional developer fees	—	(572,944)	(572,944)
Deferred revenue	3,624,944	537,265	4,162,209
Other liabilities	1,050,507	355,720	1,415,227
Net cash provided by operating activities	15,232,780	(1,388,700)	13,844,080
Cash flows from investing activities:			
Reacquisition and termination of regional developer rights	(1,388,700)	1,388,700	—
Net cash used in investing activities	(14,143,369)	1,388,700	(12,754,669)
Decrease in cash	(907,291)	—	(907,291)

Note 3: Revenue Disclosures

Company-owned or Managed Clinics

The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed in accordance with the Company's breakage policy, as discussed in Note 1, Revenue Recognition.

Franchising Fees, Royalty Fees, Advertising Fund Revenue, and Software Fees

The Company currently franchises its concept across 39 states. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing franchise fees (royalties); (c) advertising fees; and (d) software fees. Generally, the revenue accounting standard requires the reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price. However, the revenue accounting standard provides an exception, and it allows a reporting entity to recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs: (i) the subsequent sale or usage occurs, (ii) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied). In accordance with the revenue accounting standard exception, royalty and advertising revenue are recognized when the franchisee's sales occur.

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The Company recognizes the primary components of the transaction price as follows:

- Initial and renewal franchise fees, as well as transfer fees, are recognized as revenue ratably on a straight-line basis over the term of the respective franchise agreement commencing with the execution of the franchise, renewal, or transfer agreement. As these fees are typically received in cash at or near the beginning of the contract term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable, on the consolidated balance sheet.
- The Company is entitled to a software fee, which is charged monthly. The Company recognizes revenue related to software fees ratably on a straight-line basis over the term of the franchise agreement.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, neither of which requires estimation. The Company believes its franchising arrangements do not contain a significant financing component.

The Company recognizes advertising fees received under franchise agreements as advertising fund revenue.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated income statements appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2022 and 2021. Other revenues primarily consist of merchant income associated with credit card transactions.

The following table shows the Company's revenues disaggregated according to the timing of transfer of services:

	December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Revenue recognized at a point in time	\$ 94,520,246	\$ 73,968,060
Revenue recognized over time	\$ 6,732,064	\$ 6,042,953
Total Revenue	<u>\$ 101,252,310</u>	<u>\$ 80,011,013</u>

Rollforward of Contract Liabilities and Contract Costs

Changes in the Company's contract liability for deferred franchise fees during the years ended December 31, 2022 and 2021 were as follows:

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	Deferred Revenue short and long- term
	<i>(As Restated)</i>
Balance at December 31, 2020	\$ 12,655,508
Revenue recognized that was included in the contract liability at the beginning of the year	(2,619,098)
Net increase during the year ended December 31, 2021	5,338,741
Balance at December 31, 2021	\$ 15,375,151
Revenue recognized that was included in the contract liability at the beginning of the year	(2,250,471)
Net increase during the year ended December 31, 2022	3,505,055
Balance at December 31, 2022	<u>\$ 16,629,735</u>

The Company's deferred franchise and development costs represent capitalized sales commissions. Changes during the years ended December 31, 2022 and 2021 were as follows:

	Deferred Franchise and Development Costs short and long- term
Balance at December 31, 2020	\$ 5,238,307
Recognized as cost of revenue during the year	(1,099,892)
Net increase during the year ended December 31, 2021	2,361,592
Balance at December 31, 2021	\$ 6,500,007
Recognized as cost of revenue during the year	(938,736)
Net increase during the year ended December 31, 2022	1,200,467
Balance at December 31, 2022	<u>\$ 6,761,738</u>

The following table illustrates revenues expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of December 31, 2022:

Contract liabilities expected to be recognized in	Amount
	<i>(As Restated)</i>
2023	\$ 2,408,601
2024	2,354,521
2025	2,208,462
2026	2,112,532
2027	2,033,031
Thereafter	5,452,588
Total	<u>\$ 16,629,735</u>

Note 4: Acquisitions

2022 Acquisitions

On May 19, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in Arizona. The Company operates the franchises as company-owned.

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clinics. The total purchase price for the transaction was \$5,761,256, less \$70,484 of net deferred revenue, resulting in total purchase consideration of \$5,690,772.

On July 5, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller one operating franchise in Arizona (collectively, including the May 19th purchase, the "AZ Clinics Purchase"). The Company operates the franchise as a company-owned clinic. The total purchase price for the transaction was \$1,205,667, less \$13,241 of net deferred revenue, resulting in total purchase consideration of \$1,192,426.

Based on the terms of the purchase agreements, the AZ Clinics Purchase has been treated as a business combination under U.S. GAAP using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

The allocation of the total purchase price of AZ Clinics Purchase was as follows:

Property and equipment	\$	241,511
Operating lease right-of-use asset		912,957
Intangible assets		3,689,100
Total assets acquired		4,843,568
Goodwill		3,408,205
Deferred revenue		(455,317)
Operating lease liability - current portion		(128,516)
Operating lease liability - net of current portion		(784,722)
Net purchase consideration	\$	6,883,198

Intangible assets in the table above consist of re-acquired franchise rights of \$2,892,100, amortized over estimated useful lives of approximately four to eight years and customer relationships of \$797,000, amortized over estimated useful lives of two to three years. The fair value of re-acquired franchise rights are estimated using the multi-period excess earnings method. The multi-period excess earnings method model estimates revenues and cash flows derived from the primary asset and then deducts portions of the cash flow that can be attributed to supporting assets, such as assembled workforce and working capital that contributed to the generation of the cash flows. The resulting cash flow, which is attributable solely to the primary asset acquired, is then discounted at a rate of return commensurate with the risk of the asset to calculate a present value. Customer relationships are also calculated using the multi-period excess earnings method.

The valuation method involved the use of significant estimates and assumptions primarily related to forecasted revenue growth rates, gross margin, contributory asset charges, customer attrition rates, and market-participant discount rates. These measures are based on significant Level 3 inputs not observable in the market. Key assumptions developed based on the Company's historical experience, future projections and comparable market data include future cash flows, long-term growth rates, attrition rates and discount rates.

Goodwill represents the excess of the purchase consideration over the fair value of the underlying acquired net tangible and intangible assets. The factors that contributed to the recognition of goodwill included synergies and benefits expected to be gained from leveraging the Company's existing operations and infrastructures, as well as the expected associated revenue and cash flow projections. Goodwill has been allocated to the Company's Corporate Clinics segment based on such expected benefits. Goodwill related to the acquisition is expected to be deductible for income tax purposes over 15 years. The Company completed the purchase price allocation during the fourth quarter of 2022.

On July 29, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers three operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was \$1,317,312, less \$31,647 of net deferred revenue, resulting in total purchase consideration of \$1,285,665.

On October 13, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina. The Company operates the franchise as a company-

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managed clinic. The total purchase price for the transaction was \$761,364, less \$5,108 of net deferred revenue, resulting in total purchase consideration of \$756,256.

On October 24, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina (collectively, including the July 29th and October 13th purchases, the "NC Clinics Purchase"). The Company operates the franchise as a company-managed clinic. The total purchase price for the transaction was \$1,391,112, less \$9,262 of net deferred revenue, resulting in total purchase consideration of \$1,381,850.

On December 23, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers six operating franchises and one undeveloped clinic in California (the "CA Clinics Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was \$1,965,755, less \$70,628 of net deferred revenue, resulting in total purchase consideration of \$1,895,127.

Based on the terms of the purchase agreement, the NC and CA Clinics Purchases have been treated as asset purchases under U.S. GAAP as there were no outputs or processes to generate outputs acquired as part of these transactions. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the total purchase price of NC Clinics Purchase was as follows:

Property and equipment	\$	198,236
Operating lease right-of-use asset		521,222
Intangible assets		3,544,456
Total assets acquired		4,263,914
Deferred revenue		(326,332)
Operating lease liability - current portion		(146,255)
Operating lease liability - net of current portion		(367,536)
Net purchase consideration	\$	3,423,791

Intangible assets in the table above consist of reacquired franchise rights of \$2,042,658 amortized over their estimated useful lives of two to nine years, customer relationships of \$909,828 amortized over an estimated useful life of two to three years, and assembled workforce of \$591,970 amortized over an estimated useful life of two years.

The allocation of the total purchase price of CA Clinics Purchase was as follows:

Property and equipment	\$	677,518
Tenant improvement allowance		55,790
Operating lease right-of-use asset		1,520,353
Intangible assets		1,480,359
Total assets acquired		3,734,020
Deferred revenue		(215,555)
Operating lease liability - current portion		(200,877)
Operating lease liability - net of current portion		(1,422,461)
Net purchase consideration	\$	1,895,127

Intangible assets in the table above primarily consist of reacquired franchise rights of \$1,151,272 amortized over their estimated useful lives of six to seven years, customer relationships of \$20,531 amortized over an estimated useful life of two years, and assembled workforce of \$308,556 amortized over an estimated useful life of two years.

Pro Forma Results of Operations (Unaudited)

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The following table summarizes selected unaudited pro forma consolidated income statements for the years ended December 31, 2022 and 2021 for all 2022 acquisitions, as if the AZ Clinics Purchase (which has been accounted for as a business combination) and the NC and CA Clinics Purchases (which have been accounted for as asset purchases) in 2022 had been completed on January 1, 2021.

(Restated)	Year Ended December 31,	
	2022	2021
Revenues, net	\$ 107,022,047	\$ 87,280,500
Net (loss) income	171,315	6,424,015

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the purchases had taken place on January 1, 2021 or of results that may occur in the future. For 2022, this information includes actual data recorded in the Company's consolidated financial statements for the period subsequent to the date of the acquisition.

The Company's consolidated income statements for the year ended December 31, 2022 include net revenue and net income, excluding corporate clinic segment overhead costs, of the acquired clinics in Arizona, North Carolina, and California as follows:

	Year Ended December 31,	
	2022	
Revenues, net	\$	3,351,521
Net income		947,551

2021 Acquisitions

On April 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller two operating franchises in Phoenix, Arizona (the "2021 AZ Clinics Purchase"). The Company operates the franchises as company-owned clinics. The total purchase price for the transaction was \$1,925,000, less \$29,417 of net deferred revenue, resulting in total purchase consideration of \$1,895,583. Based on the terms of the purchase agreement, the 2021 AZ Clinics Purchase has been treated as a business combination under U.S. GAAP using the acquisition method of accounting.

The allocation of the purchase price was as follows:

Property and equipment	\$	4,928
Operating lease right-of-use asset		651,197
Intangible assets		1,579,500
Total assets acquired		2,235,625
Goodwill		459,599
Deferred revenue		(123,976)
Operating lease liability - current portion		(49,303)
Operating lease liability - net of current portion		(626,362)
Net purchase consideration	\$	1,895,583

Intangible assets in the table above consist of re-acquired franchise rights of \$1,376,400 amortized over an estimated useful life of eight to nine years and customer relationships of \$203,100 amortized over an estimated useful life of three years.

On April 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller six operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transaction was \$2,568,028, less \$38,441 of net deferred revenue, resulting in total purchase consideration of \$2,509,587.

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On November 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in North Carolina (collectively, including the April 1, 2021 purchase, the "2021 NC Clinics Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transaction was \$1,272,107, less \$46,681 of net deferred revenue, resulting in total purchase consideration of \$1,225,426.

Based on the terms of the purchase agreement, the 2021 NC Clinics Purchase has been treated as an asset purchase under U.S. GAAP as there were no outputs or processes to generate outputs acquired as part of this transaction.

The allocation of the purchase price for the six North Carolina clinics on April 1, 2021 was as follows:

Property and equipment	\$	524,046
Operating lease right-of-use asset		865,813
Intangible assets		2,187,472
Total assets acquired		3,577,331
Deferred revenue		(244,998)
Operating lease liability - current portion		(185,181)
Operating lease liability - net of current portion		(637,565)
Net purchase consideration	\$	2,509,587

Intangible assets in the table above consist of reacquired franchise rights of \$1,195,327 amortized over an estimated useful life of three to four years and customer relationships of \$992,145 amortized over an estimated useful life of three years.

The allocation of the purchase price for the four North Carolina clinics on November 1, 2021 was as follows:

Property and equipment	\$	252,631
Operating lease right-of-use asset		1,341,482
Intangible assets		1,092,341
Total assets acquired		2,686,454
Deferred revenue		(144,383)
Operating lease liability - current portion		(135,784)
Operating lease liability - net of current portion		(1,180,861)
Net purchase consideration	\$	1,225,426

Intangible assets in the table above primarily consist of reacquired franchise rights of \$977,244 amortized over an estimated useful life of four to nine years and customer relationships of \$55,786 amortized over an estimated useful life of two years.

In 2022 and 2021, acquisition-related costs were not significant. These costs are included in general and administrative expenses on the consolidated income statements.

Note 5: Property and Equipment

Property and equipment consist of the following:

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	December 31,	
	2022	2021
Office and computer equipment	\$ 5,207,833	\$ 3,704,4
Leasehold improvements	17,842,901	13,457,7
Internally developed software	5,843,758	5,044,3
Finance lease assets	151,396	267,2
	29,045,888	22,473,7
Accumulated depreciation and amortization	(12,675,085)	(9,184,9
	16,370,803	13,288,8
Construction in progress	1,104,349	1,100,0
Property and Equipment, net	\$ 17,475,152	\$ 14,388,9

Depreciation expense was \$4,092,669 and \$2,329,697 for the years ended December 31, 2022 and 2021, respectively.

Amortization expense related to finance lease assets was \$55,572 and \$85,300 for the years ended December 31, 2022 and 2021, respectively.

Construction in progress at December 31, 2022 principally related to development and construction costs for the Company-owned or managed clinics. Construction in progress at December 31, 2021 principally relate to development costs for software used by clinics for operations and by the Company for the management of operations.

Note 6: Fair Value Consideration

The Company's financial instruments include cash, restricted cash, accounts receivable, notes receivable, accounts payable, accrued expenses and debt under the Credit Agreement. The carrying amounts of its financial instruments, excluding the debt under the Credit Agreement, approximate their fair value due to their short maturities. The carrying value of the Company's debt under the Credit Agreement approximates fair value due to its interest rate being calculated from observable quoted prices for similar instruments, which is considered a Level 2 fair value measurement.

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2022 and 2021, the Company did not have any financial instruments that were measured on a recurring basis as Level 1, 2 or 3.

The Company's non-financial assets, which primarily consist of goodwill, intangible assets, property, plant and equipment, and operating lease right-of-use assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their carrying amount. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable (and at least annually for goodwill), non-financial assets are assessed for impairment. If the fair value is determined to be lower than the carrying amount, an impairment charge is recorded to write down the asset to its fair value, which is considered Level 3 within the fair value hierarchy.

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During the years ended December 31, 2022 and 2021, certain operating lease right-of-use assets related to closed clinics with a total carrying amount of \$0.2 million and \$0.5 million, respectively, were written down to their respective fair value of zero and \$0.4 million. Fair value of the Company's operating lease right-of-use assets was determined based on the discounted cash flows of the estimated market rents. As a result, the Company recorded a noncash impairment loss of approximately \$0.2 million and \$0.1 million during the years ended December 31, 2022 and 2021, respectively.

Note 7: Intangible Assets and Goodwill

During 2022, the Company recognized \$6.1 million, \$1.7 million, and \$0.9 million of reacquired franchise rights, customer relationships, and assembled workforce, respectively, from the acquisitions (reference Note 4). Intangible assets consisted of the following:

	December 31, 2022		
	<i>(As Restated)</i>		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	\$ 12,881,894	\$ 4,755,286	\$ 8,126,608
Customer relationships	4,330,365	2,352,500	1,977,865
Assembled workforce	959,837	136,015	823,822
	<u>\$ 18,172,096</u>	<u>\$ 7,243,801</u>	<u>\$ 10,928,295</u>

	December 31, 2021		
	<i>(As Restated)</i>		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	\$ 6,795,865	\$ 3,153,037	\$ 3,642,828
Customer relationships	2,603,006	1,587,443	1,015,563
Assembled workforce	99,311	4,939	94,372
	<u>\$ 9,498,182</u>	<u>\$ 4,745,419</u>	<u>\$ 4,752,763</u>

The following is the weighted average amortization period for the Company's intangible assets (as restated):

	<u>Amortization (Years)</u>
Reacquired franchise rights	5.8
Customer relationships	2.6
Assembled workforce	2.0
All intangible assets	4.8

Restated amortization expense related to the Company's intangible assets was \$2,498,390 and \$1,306,881 for the years ended December 31, 2022 and 2021, respectively.

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Estimated amortization expense for 2023 and subsequent years is as follows (as restated):

2023	\$ 3,643,736
2024	2,578,510
2025	1,542,251
2026	1,225,152
2027	670,120
Thereafter	1,208,526
Total	<u>\$ 10,928,295</u>

The changes in the carrying amount of goodwill were as follows:

	<u>Corporate Clinic Segment</u>
Balance as of December 31, 2021	
Goodwill, gross	\$ 5,140,197
Accumulated impairment losses	(54,994)
Goodwill, net	5,085,203
2022 acquisition	3,408,204
Balance as of December 31, 2022	
Goodwill, gross	8,548,401
Accumulated impairment losses	(54,994)
Goodwill, net	<u>\$ 8,493,407</u>

Note 8: Debt

Credit Agreement

On February 28, 2020, the Company entered into a Credit Agreement (the "Credit Agreement"), with JPMorgan Chase Bank, N.A., individually, and as Administrative Agent and Issuing Bank ("JPMorgan Chase" or the "Lender"). The Credit Agreement provided for senior secured credit facilities (the "Credit Facilities") in the amount of \$7,500,000, including a \$2,000,000 revolving (the "Revolver") and \$5,500,000 development line of credit (the "Line of Credit"). The Revolver included amounts available for letters of credit of up to \$1,000,000 and an uncommitted additional amount of \$2,500,000. All outstanding principal and interest on the Revolver were due on February 28, 2022.

On February 28, 2022, the Company entered into an amendment to its Credit Facilities (as amended, the "2022 Credit Facility") with the Lender. Under the 2022 Credit Facility, the Revolver increased to \$20,000,000 (from \$2,000,000), the portion of the Revolver available for letters of credit increased to \$5,000,000 (from \$1,000,000), the uncommitted additional amount increased to \$30,000,000 (from \$2,500,000) and the developmental line of credit of \$5,500,000 was terminated. The Revolver will be used for working capital needs, general corporate purposes and for acquisitions, development and capital improvement uses. At the option of the Company, borrowings under the 2022 Credit Facility bear interest at: (i) the adjusted Secured Overnight Financing Rate ("SOFR"), which is the daily simple SOFR, plus 0.10%, plus 1.75%, payable on the last day of the selected interest period of one, three or six months, and on the three-month anniversary of the beginning of any six-month interest period, if applicable; or (ii) an Alternative Base Rate (ABR), plus 1.00%, payable monthly. The ABR is the greatest of: (A) the prime rate (as published by the Wall Street Journal), (B) the Federal Reserve Bank of New York rate, plus 0.5%, and (C) the adjusted one-month term SOFR rate. Amounts outstanding under the Revolver on February 28, 2022 continued to bear interest at the rate selected under the Credit Facilities prior to the amendment until the last day of the interest period in effect, at which time, if not repaid, the amounts outstanding under the Revolver will bear interest at the 2022 Credit Facility rate. As a result of this refinance, \$2,000,000 of current maturity of long-term debt has been reclassified to long-term as of December 31, 2021. The 2022 Credit Facility will terminate and all principal and interest will become due and payable on the fifth anniversary of the amendment (February 28, 2027).

The Credit Facilities contain customary events of default, including but not limited to nonpayment; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; and certain fundamental changes such as a merger or sale of substantially all assets.

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(as further defined in the Credit Facilities). The Credit Facilities require the Company to comply with customary affirmative, negative and financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the Credit Facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable. The Credit Facilities are collateralized by substantially all of the Company's assets, including the assets in the Company's company-owned or managed clinics. The Company intends to use the Revolver for general working capital needs and for acquiring and developing new chiropractic clinics. The interest rate on funds borrowed under the Revolver as of December 31, 2022 was 6.43%. As of December 31, 2022, the Company was in compliance with all applicable financial and non-financial covenants under the Credit Agreement, and \$2,000,000 remains outstanding as of December 31, 2022.

In connection with the issuance of the Credit Facilities and the 2022 Credit Facility, the Company incurred debt issuance costs of \$52,648 and \$76,415, respectively. Interest expense and amortization expense related to debt issuance costs are being amortized to "Other expense, net" and was \$129,118 and \$60,178 for the years ended December 31, 2022 and 2021, respectively.

Paycheck Protection Program Loan

On April 10, 2020, the Company received a loan in the amount of approximately \$2.7 million from JPMorgan Chase Bank, N.A. (the "Loan"), pursuant to the Paycheck Protection Program (the "PPP") administered by the United States Small Business Administration. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act, which provides for forgiveness of up to the full principal amount and accrued interest of qualifying loans guaranteed under the PPP. The Loan was granted pursuant to a Note dated April 9, 2020 issued by the Company. The Note had a maturity date of April 11, 2022 and bore interest at a rate of 0.98% per annum. On March 4, 2021, the Company elected to repay the full principal and accrued interest on the PPP Loan of approximately \$2.7 million without prepayment penalty, in accordance with the terms of the PPP loan.

Note 9: Stock-Based Compensation

The Company grants stock-based awards under its 2014 Incentive Stock Plan (the "2014 Plan"). The shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the 2014 Plan: (i) non-qualified stock options; (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; and (v) restricted stock units. Each award granted under the 2014 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, and such other terms and conditions as the plan committee determines. Awards granted under the 2014 Plan are classified as equity awards, which are recorded in stockholders' equity in the Company's consolidated balance sheets. Through December 31, 2022, the Company has granted under the 2014 Plan (i) non-qualified stock options; (ii) incentive stock options; and (iii) restricted stock. There were no stock appreciation rights and restricted stock units granted under the 2014 Plan as of December 31, 2022.

Stock Options

The Company's closing price on the date of grant is the basis of fair value of its common stock used in determining the value of share-based awards. To the extent the value of the Company's share-based awards involves a measure of volatility, the Company uses available historical volatility of the Company's common stock over a period of time corresponding to the expected stock option term. The Company uses the simplified method to calculate the expected term of stock option grants to employees as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. Accordingly, the expected life of the options granted is based on the average of the vesting term, which is generally four years and the contractual term, which is generally ten years. The Company will continue to evaluate the appropriateness of utilizing such method. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

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The Company did not grant options during the year ended December 31, 2022. The Company has computed the fair value of all options granted using the Black-Scholes-Merton model during the year ended December 31, 2021, using the following assumptions:

	Year Ended December 31, 2021
Expected volatility	57%
Expected dividends	None
Expected term (years)	7
Risk-free rate	0.97% to 1.27%

The information below summarizes the stock options activity:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2020	835,601	\$ 6.65	6.6	\$ 16,153,117
Granted at market price	48,192	47.01		
Exercised	(260,044)	5.84		\$ 15,244,054
Cancelled	(28,660)	18.17		
Outstanding at December 31, 2021	595,089	\$ 9.72	5.9	\$ 33,336,794
Granted at market price	—			
Exercised	(43,380)	8.86		\$ 657,058
Expired	(2,795)	28.45		
Cancelled	(16,991)	24.96		
Outstanding at December 31, 2022	531,923	\$ 9.20	4.7	\$ 3,797,904
Exercisable at December 31, 2022	454,315	\$ 6.43	4.3	\$ 3,772,164
Vested and expected to vest at December 31, 2022	528,981	\$ 9.07	4.7	\$ 3,797,670

The weighted-average grant-date fair value of the Company's stock options granted during 2021 was \$26.40.

The aggregate fair value of the Company's stock options vested during 2022 and 2021 was \$631,512 and \$481,404, respectively.

The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%. For the years ended December 31, 2022 and 2021, stock-based compensation expense for stock options was \$515,279 and \$625,291, respectively.

Unrecognized stock-based compensation expense for stock options as of December 31, 2022 was \$712,933, which is expected to be recognized ratably over the next 1.9 years.

Restricted Stock

Restricted stock awards granted to employees generally vest in four equal annual installments. Restricted stock awards granted to non-employee directors vest on the earlier of (i) one year from the grant date and (ii) the date of the next annual meeting of the shareholders of the Company occurring after the date of grant.

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The information below summarizes the restricted stock activity:

Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value per Award
Non-vested at December 31, 2020	45,595	\$ 13.13
Granted	10,010	58.25
Vested	(26,143)	13.61
Cancelled	(1,742)	20.63
Non-vested at December 31, 2021	27,720	28.51
Granted	68,125	29.47
Vested	(17,240)	29.13
Cancelled	(8,293)	30.51
Non-vested at December 31, 2022	70,312	\$ 29.05

For the years ended December 31, 2022 and 2021, stock-based compensation expense for restricted stock was \$758,710 and \$430,724, respectively. Unrecognized stock-based compensation expense for restricted stock awards as of December 31, 2022 was \$1,492,530 to be recognized ratably over 2.8 years.

Tax Benefits

Net income for 2022 and 2021 included pre-tax expense related to stock-based compensation of \$1.3 million and \$1.1 million, respectively. The company recognized income tax benefits of \$0.1 million and \$3.3 million from the exercises of stock options and restricted stock awards for 2022 and 2021, respectively.

Note 10: Income Taxes

Income tax expense (benefit) reported in the consolidated income statements is comprised of the following:

	December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Current expense (benefit):		
Federal	\$ 377,281	\$ 241,243
State, net of state tax credits	132,520	27,954
Total current expense (benefit)	509,801	269,197
Deferred expense (benefit):		
Federal	(295,011)	(1,376,812)
State	(146,342)	(401,345)
Total deferred expense (benefit)	(441,353)	(1,778,157)
Total income tax expense (benefit)	\$ 68,448	\$ (1,508,960)

The following are the components of the Company's deferred tax assets (liabilities) for federal and state income taxes:

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	December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Deferred income tax assets:		
Accrued expenses	\$ 97,148	\$ 938,916
Deferred revenue	5,338,821	4,546,130
Lease liability	6,582,122	5,839,233
Goodwill - component 2	72,033	53,946
Nonqualified stock options	330,075	255,921
Interest expense limitation	35,031	—
Net operating loss carryforwards	5,285,726	5,461,650
Tax credits	35,890	35,890
Intangibles	3,166,533	1,906,947
Total deferred income tax assets	<u>20,952,339</u>	<u>19,038,593</u>
Deferred income tax liabilities:		
Lease right-of-use asset	(5,694,797)	(5,022,052)
Deferred franchise costs	(100,598)	(122,431)
Goodwill - component 1	(537,421)	(405,964)
Asset basis difference related to property and equipment	(2,545,455)	(1,902,389)
Restricted stock compensation	(145,956)	(98,958)
Total deferred income tax liabilities	<u>(9,024,187)</u>	<u>(7,551,794)</u>
Valuation allowance		
Net deferred tax asset	<u>\$ 11,928,152</u>	<u>\$ 11,486,799</u>

Federal tax effected of these net operating losses were \$4.5 million and \$4.5 million as of December 31, 2022 and 2021, respectively. \$11.1 million of the federal net operating loss is subject to a 20-year carryforward, with a portion beginning to expire in 2036. \$10.5 million of the federal net operating loss has an indefinite carryforward period.

The Joint Corp., without its consolidated VIEs, has state tax effected net operating loss carryforwards of \$0.7 million and \$0.9 million as of December 31, 2022 and 2021, respectively. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2025.

The Joint Corp. has research and development credits of \$14,229 that will begin to expire in 2031 and \$21,621 California AMT credits that do not expire.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income, compared to the income tax benefit in the consolidated income statements:

	For the Years Ended December 31,			
	2022		2021	
	<i>(As Restated)</i>		<i>(As Restated)</i>	
	Amount	Percent	Amount	Percent
Expected federal tax expense (benefit)	\$ 145,982	21.0%	\$ 1,280,282	21.0%
State tax provision (benefit), net of federal benefit	41,660	6.0%	(332,169)	(5.5)%
Other permanent differences	15,458	2.2%	72,794	1.2%
Stock compensation	(91,454)	(13.2)%	(2,519,083)	(41.4)%
Change in tax rate	(64,756)	(9.3)%	—	—%
Other adjustments	21,558	3.1%	(10,784)	(0.2)%
Expense (Benefit)	<u>\$ 68,448</u>	<u>9.8%</u>	<u>\$ (1,908,960)</u>	<u>(24.9)%</u>

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Changes in the Company's income tax expense (benefit) relate primarily to state taxes and stock-based compensation, as well as changes in pre-tax income during the year ended December 31, 2022, as compared to the year ended December 31, 2021. For the years ended December 31, 2022 and December 31, 2021, effective tax rates were 9.8% and (24.9)%, respectively. The difference between the statutory federal income tax rate and the Company's effective tax rate was primarily due to state taxes, stock-based compensation, and other permanent differences.

For the years ended December 31, 2022 and December 31, 2021, the Company had gross uncertain tax positions of \$1.3 million and \$1.3 million, respectively.

	December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Beginning balances	\$ 1,314,351	\$ 729,837
Increases related to tax positions taken during a prior year	—	—
Decreases related to tax positions taken during a prior year	—	—
Increases related to tax positions taken during a current year	—	584,514
Decreases related to settlements with taxing authorities	—	—
Decreases related to expiration of the statute of limitations	—	—
Ending balances	\$ 1,314,351	\$ 1,314,351

At December 31, 2022 and December 31, 2021, there were \$19,433 and \$19,433, respectively of unrecognized tax benefits that if recognized would affect the annual effective tax rate.

Interest and penalties associated with tax positions for the years ended December 31, 2022 and December 31, 2021 were \$0 and \$40,491, respectively and are recorded in the period assessed as general and administrative expenses. Accrued interest and penalties was \$143,584 for both the years ended December 31, 2022 and December 31, 2021 and recorded as other liabilities.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2022, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2019 and 2018, respectively.

Note 11: Commitments and Contingencies

Leases

The table below summarizes the components of lease expense and income statement location for the years ended December 31, 2022 and December 31, 2021:

	Line Item in the Company's Consolidated Income Statements	Years Ended December 31,	
		2022	2021
Finance lease costs:			
Amortization of assets	Depreciation and amortization	\$ 55,572	\$ 85,300
Interest on lease liabilities	Other expense, net	4,516	9,012
Total finance lease costs		<u>\$ 60,088</u>	<u>\$ 94,312</u>
Operating lease costs	General and administrative expenses	\$ 5,647,185	\$ 4,590,571
Total lease costs		<u>\$ 5,707,273</u>	<u>\$ 4,684,883</u>

Supplemental information and balance sheet location related to leases for the years ended December 31, 2022 and December 31, 2021 was as follows:

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	Years Ended December 31,	
	2022	2021
Operating Leases:		
Operating lease right-of-use asset	\$ 20,587,199	\$ 18,425,914
Operating lease liability, current portion	\$ 5,295,830	\$ 4,613,843
Operating lease liability, net of current portion	18,672,719	16,872,093
Total operating lease liability	\$ 23,968,549	\$ 21,485,936
Finance Leases:		
Property and equipment, at cost	\$ 151,306	\$ 267,252
Less accumulated amortization	(87,652)	(147,937)
Property and equipment, net	\$ 63,744	\$ 119,315
Finance lease liability, current portion	\$ 24,433	\$ 49,855
Finance lease liability, net of current portion	63,507	87,939
Total finance lease liabilities	\$ 87,940	\$ 137,794
Weighted average remaining lease term (in years):		
Operating leases	5.4	5.4
Finance lease	3.4	3.6
Weighted average discount rate:		
Operating leases	4.8 %	4.6 %
Finance leases	4.3 %	4.8 %

Supplemental cash flow information related to leases for the years ended December 31, 2022 and December 31, 2021 were as follows:

	Years Ended December 31,	
	2022	2021
Cash paid for amounts included in measurement of liabilities:		
Operating cash flows from operating leases	\$ 5,931,114	\$ 4,484,737
Operating cash flows from finance leases	4,516	9,012
Financing cash flows from finance leases	49,855	80,322
Non-cash transactions: ROU assets obtained in exchange for lease liabilities:		
Operating lease	7,222,822	10,007,188
Finance lease	—	15,140

Maturities of lease liabilities as of December 31, 2022 were as follows:

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	Operating Leases	Finance Lease
2023	\$ 6,280,108	\$ 27,600
2024	5,689,672	27,600
2025	5,084,585	27,600
2026	3,264,579	11,500
2027	2,298,960	—
Thereafter	4,561,694	—
Total lease payments	27,149,598	94,300
Less: Imputed interest	(3,181,049)	(6,360)
Total lease obligations	23,968,549	87,940
Less: Current obligations	(5,295,830)	(24,433)
Long-term lease obligation	\$ 18,672,719	\$ 63,507

The Company entered into various operating leases for its new corporate clinics' spaces that had not yet commenced as of the year ended December 31, 2022. These leases are expected to result in additional ROU asset and liability of approximately \$1.5 million. These leases are expected to commence during the first and second quarter of 2023, with lease terms of five to ten years.

Guarantee in Connection with the Sale of the Divested Business

In connection with the sale of a company-managed clinic in 2022, the Company guaranteed one future operating lease commitment assumed by the buyers. The Company is obligated to perform under the guarantee if the buyers fail to perform under the lease agreement at any time during the remainder of the lease agreement, which expires on May 31, 2027. At the date of sale, the undiscounted maximum potential future payments totaled \$247,296. As of the year ended December 31, 2022, the undiscounted remaining lease payments under the agreement totaled \$234,696. The Company had not recorded a liability with respect to the guarantee obligation as of December 31, 2022, as the Company concluded that payment under the lease guarantee was not probable.

Litigation

In the normal course of business, the Company is party to litigation and claims from time to time. The Company maintains insurance to cover certain litigation and claims.

Note 12: Segment Reporting

An operating segment is defined as a component of an enterprise for which discrete financial information is available and is reviewed regularly by the Chief Operating Decision Maker ("CODM") to evaluate performance and make operating decisions. The Company has identified its CODM as the Chief Executive Officer.

The Company has two operating business segments. The Corporate Clinics segment is comprised of the operating activities of the company-owned or managed clinics. As of December 31, 2022, the Company operated or managed 126 clinics under this segment. The Franchise Operations segment is comprised of the operating activities of the franchise business unit. As of December 31, 2022, the franchise system consisted of 712 clinics in operation. Corporate is a non-operating segment that develops and implements strategic initiatives and supports the Company's two operating business segments by centralizing key administrative functions such as finance and treasury, information technology, insurance and risk management, legal and human resources. Corporate also provides the necessary administrative functions to support the Company as a publicly-traded company. A portion of the expenses incurred by Corporate are allocated to the operating segments.

The tables below present financial information for the Company's two operating business segments.

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	Year Ended December 31,	
	2022	2021
	(As Restated)	(As Restated)
Revenues:		
Corporate clinics	\$ 59,422,294	\$ 44,348,234
Franchise operations	41,830,016	35,662,775
Total revenues	<u>\$ 101,252,310</u>	<u>\$ 80,011,013</u>
Depreciation and amortization:		
Corporate clinics	\$ 5,557,494	\$ 3,279,002
Franchise operations	744,172	334,945
Corporate administration	344,956	307,336
Total depreciation and amortization	<u>\$ 6,646,622</u>	<u>\$ 3,921,887</u>
Segment operating income:		
Corporate clinics	\$ 110,257	\$ 6,599,982
Franchise operations	17,340,402	15,353,621
Unallocated corporate	(16,622,405)	(15,827,588)
Total segment operating income	<u>\$ 828,254</u>	<u>\$ 6,125,965</u>
Reconciliation of total segment operating income to consolidated earnings before income taxes:		
Total segment operating income	\$ 828,254	\$ 6,125,965
Other (expense), net	(133,101)	(69,878)
Income before income tax expense (benefit)	<u>\$ 695,153</u>	<u>\$ 6,056,087</u>
	December 31,	December 31,
	2022	2021
	(As Restated)	(As Restated)
Segment assets:		
Corporate clinics	\$ 56,008,234	\$ 40,032,2
Franchise operations	12,360,878	12,593,9
Total segment assets	<u>\$ 68,369,112</u>	<u>\$ 52,626,1</u>
Unallocated cash and cash equivalents and restricted cash	\$ 10,550,417	\$ 19,912,3
Unallocated property and equipment	915,216	857,1
Other unallocated assets	13,655,632	13,666,0
Total assets	<u>\$ 93,490,377</u>	<u>\$ 87,061,7</u>

"Unallocated cash and cash equivalents and restricted cash" relates primarily to corporate cash and cash equivalents and restricted cash (see Note 1), "unallocated property and equipment" relates primarily to corporate fixed assets, and "other unallocated assets" relates primarily to deposits, prepaid and other assets.

Note 13: Related Party Transaction

In December 2020, we sold two franchise licenses at \$39,900 and \$29,900 each (which reflects the \$10,000 multi-unit discount for the second license per the Franchise Disclosure Document) to Marshall Gramm, who is a family member of the Managing Partner of Bandera Partners LLC. Bandera Partners LLC was a significant shareholder of more than 5% of our outstanding common stock (approximately 17% as of December 31, 2022). The transaction involved terms no less favorable to us than those that would have been obtained in the absence of such affiliation. Although we have no way of estimating the aggregate

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amount of franchise fees, royalties, advertising fund fees, IT related income and computer software fees that Mr. Gramm will pay over the life of the franchise licenses, Mr. Gramm is subject to such fees under the same terms and conditions as all other franchisees. Mr. Gramm paid \$34,262 and \$11,046 in 2022 and 2021, respectively, for such royalties and other fees.

[Table of Contents](#)**Note 14: Quarterly Financial Data (Unaudited and Restated)**

The Company is providing restated quarterly and year-to-date unaudited consolidated financial information for interim periods occurring within the years ended December 31, 2022 and December 31, 2021. See Note 2, Restatement of Previously Issued Consolidated Financial Statements for further background concerning the events preceding the restatement of financial information in this Comprehensive Form 10-K/A.

The Company assessed the impact of these errors on its previously issued interim financial statements and determined them to be quantitatively and qualitatively material to interim periods for 2022 and 2021 based on its analysis of Staff Accounting Bulletin ("SAB") No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". The impact of these errors is summarized in the tables that follow.

The following table summarizes the effect of the errors on the Company's consolidated balance sheets as of March 31, 2022, June 30, 2022, and September 30, 2022:

	As Previously Reported			Adjustments			As Restated		
	March 31, 2022	June 30, 2022	September 30, 2022	March 31, 2022	June 30, 2022	September 30, 2022	March 31, 2022	June 30, 2022	September 30, 2022
Intangible assets, net	\$ 4,829,941	\$ 9,114,701	\$10,162,506	\$ (352,911)	\$(2,356,584)	\$(2,124,740)	\$ 4,277,030	\$ 6,758,117	\$ 8,037,766
Deferred tax assets	9,205,410	9,116,248	9,115,231	2,493,018	3,202,634	3,333,327	11,698,428	12,318,882	12,448,558
Total assets	85,062,449	86,235,794	88,291,398	1,940,197	846,050	1,208,587	87,002,556	87,081,844	89,499,985
Current liabilities:									
Deferred franchise and regional development fee revenue, current portion	3,130,856	2,981,534	2,974,993	(3,130,856)	(2,981,534)	(2,974,993)	—	—	—
Deferred franchise fee revenue, current portion	—	—	—	2,408,266	2,593,993	2,410,951	2,408,266	2,593,993	2,410,951
Upfront regional developer fees, current portion	—	—	—	722,590	587,541	564,042	722,590	587,541	564,042
Other current liabilities	541,250	558,250	522,500	24,511	49,022	73,533	565,761	607,272	596,033
Total current liabilities	20,624,047	20,238,819	21,637,706	24,511	49,022	73,533	20,648,558	20,287,832	21,711,239
Deferred franchise and regional development fee revenue, net of current portion	15,410,136	15,447,554	15,604,180	(15,410,136)	(15,447,554)	(15,604,180)	—	—	—
Deferred franchise fee revenue, net of current portion	—	—	—	13,154,047	13,584,091	13,870,401	13,154,047	13,584,091	13,870,401
Upfront regional developer fees, net of current portion	—	—	—	2,256,089	1,863,463	1,733,779	2,256,089	1,863,463	1,733,779
Other liabilities	27,230	27,230	27,230	966,523	1,044,565	1,162,607	993,733	1,091,795	1,189,837
Total liabilities	55,328,037	55,752,399	56,765,925	991,034	1,113,587	1,236,140	56,319,071	56,865,986	58,092,065
Accumulated deficit	(13,724,938)	(13,380,196)	(12,889,083)	949,073	(267,537)	(27,553)	(12,775,865)	(13,647,733)	(12,916,686)
Total The Joint Corp. stockholders' equity	29,709,412	30,458,395	31,500,473	949,073	(267,537)	(27,553)	30,683,485	30,190,838	31,472,920
Total equity	29,734,412	30,483,395	31,525,473	949,073	(267,537)	(27,553)	30,683,485	30,215,838	31,497,920
Total liabilities and stockholders' equity	85,062,449	86,235,794	88,291,398	1,940,197	846,050	1,208,587	87,002,556	87,081,844	89,499,985

The following table summarizes the effect of the errors on the Company's consolidated income statements for the three-month periods ended March 31, 2022 (Q1), June 30, 2022 (Q2), and September 30, 2022 (Q3):

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	As Previously Reported			Adjustments			As Restated		
	Q1'22	Q2'22	Q3'22	Q1'22	Q2'22	Q3'22	Q1'22	Q2'22	Q3'22
Revenues:									
Regional developer fees	\$ 201,787	\$ 169,953	\$ 153,181	\$(201,787)	\$(169,953)	\$(153,181)	\$ —	\$ —	\$ —
Total revenues	22,438,538	25,057,318	26,603,000	(201,787)	(169,953)	(153,181)	22,236,751	24,887,365	26,449,819
Cost of revenues:									
Franchise and regional developer cost of revenues	2,002,813	2,074,889	2,141,945	(201,787)	(169,953)	(153,181)	1,801,026	1,904,936	1,988,764
Total cost of revenues	2,312,771	2,427,045	2,490,276	(201,787)	(169,953)	(153,181)	2,110,984	2,257,092	2,337,095
Depreciation and amortization	1,629,176	1,700,476	2,011,768	(292,520)	(238,606)	(231,844)	1,336,656	1,461,870	1,779,924
General and administrative expenses	15,378,623	16,528,022	17,796,806	154,803	2,942,279	—	15,533,426	18,570,301	17,796,806
Total selling, general and administrative expenses	20,295,287	22,068,222	23,347,861	(137,717)	1,803,673	(231,844)	20,157,570	23,871,895	23,116,017
Income from operations	(176,426)	473,207	300,472	137,717	(1,803,673)	231,844	(38,709)	(1,330,466)	732,316
Income before income tax expense (benefit)	(192,573)	453,921	475,237	137,717	(1,803,673)	231,844	(54,856)	(1,349,732)	707,081
Income tax expense (benefit)	13,224	109,179	(15,876)	(72,300)	(587,064)	(8,139)	(59,076)	(677,885)	(24,015)
Net income (loss)	(285,797)	344,742	491,113	210,017	(1,216,609)	239,983	4,220	(871,867)	731,096
Earnings per share:									
Basic earnings (loss) per share	\$ (0.01)	\$ 0.02	\$ 0.03	\$ 0.01	\$ (0.08)	\$ 0.02	\$ —	\$ (0.06)	\$ 0.05
Diluted earnings (loss) per share	\$ (0.01)	\$ 0.02	\$ 0.03	\$ 0.01	\$ (0.08)	\$ 0.02	\$ —	\$ (0.06)	\$ 0.05

The following table summarizes the effect of the errors on the Company's consolidated income statements for the six-month period ended June 30, 2022 and the nine-month period ended September 30, 2022:

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	As Previously Reported		Adjustments		As Restated	
	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022
Revenues:						
Regional developer fees	\$ 371,740	\$ 524,923	\$ (371,740)	\$ (524,923)	\$ —	\$ —
Total revenues	47,495,856	74,098,856	(371,740)	(524,923)	47,124,116	73,573,933
Cost of revenues:						
Franchise and regional developer cost of revenues	4,077,701	6,219,646	(371,740)	(524,923)	3,705,961	5,694,723
Total cost of revenues	4,739,816	7,230,092	(371,740)	(524,923)	4,368,076	6,705,169
Depreciation and amortization	3,329,655	5,341,420	(531,120)	(762,970)	2,798,527	4,578,450
General and administrative expenses	31,906,644	49,703,451	2,197,082	2,197,082	34,103,726	51,900,533
Total selling, general and administrative expenses	42,365,509	65,711,571	1,665,956	1,434,112	44,029,465	67,145,483
Income from operations	296,782	797,253	(1,665,956)	(1,434,112)	(1,369,174)	(636,859)
Income before income tax expense (benefit)	261,348	736,585	(1,665,956)	(1,434,112)	(1,404,608)	(697,527)
Income tax expense (benefit)	122,403	106,527	(639,363)	(667,503)	(536,960)	(560,976)
Net income (loss)	138,945	630,058	(1,026,593)	(766,609)	(867,648)	(136,551)
Earnings per share:						
Basic earnings (loss) per share	\$ 0.01	\$ 0.04	\$ (0.07)	\$ (0.05)	\$ (0.06)	\$ (0.01)
Diluted earnings (loss) per share	\$ 0.01	\$ 0.04	\$ (0.07)	\$ (0.05)	\$ (0.06)	\$ (0.01)

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity for the first through third fiscal quarters of 2022.

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	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
Balances, December 31, 2021 (as previously reported)	\$ (13,519,142)	\$ 29,544,627	\$ 29,569,627
Adjustment due to cumulative error correction	739,057	739,057	739,057
12/31/2021 (as restated)	<u>\$ (12,780,085)</u>	<u>\$ 30,283,684</u>	<u>\$ 30,308,684</u>
Balances, March 31, 2022 (as previously reported)	\$ (13,724,938)	\$ 29,709,412	\$ 29,734,412
Adjustment due to cumulative error correction	949,073	949,073	949,073
Balances, March 31, 2022 (as restated)	<u>\$ (12,775,865)</u>	<u>\$ 30,658,485</u>	<u>\$ 30,683,485</u>
Balances, June 30, 2022 (as previously reported)	\$ (13,380,196)	\$ 30,458,395	\$ 30,483,395
Adjustment due to cumulative error correction	(267,537)	(267,537)	(267,537)
Balances, June 30, 2022 (as restated)	<u>\$ (13,647,733)</u>	<u>\$ 30,190,858</u>	<u>\$ 30,215,858</u>
Balances, September 30, 2022 (as previously reported)	\$ (12,889,083)	\$ 31,500,473	\$ 31,525,473
Adjustment due to cumulative error correction	(27,553)	(27,553)	(27,553)
Balances, September 30, 2022 (as restated)	<u>\$ (12,916,636)</u>	<u>\$ 31,472,920</u>	<u>\$ 31,497,020</u>

The following table summarizes the effect of the errors on the Company's consolidated statements of cash flows for the three-month period ended March 31, 2022, the six-month period ended June 30, 2022, and the nine-month period ended September 30, 2022.

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	As Previously Reported			Adjustments			As Restated		
	Three Months Ended March 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022
Cash flows from operating activities:									
Net income (loss)	\$ (205,797)	\$ 138,945	\$ 630,658	210,017	(1,006,593)	(766,609)	\$ 4,220	\$ (867,648)	\$ (136,551)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:									
Depreciation and amortization	1,629,176	3,329,653	5,341,420	(292,520)	(531,126)	(762,979)	1,336,656	2,798,527	4,578,450
Deferred income taxes	(16,776)	72,386	73,403	(194,853)	(904,869)	(1,035,162)	(211,629)	(832,083)	(961,759)
Changes in operating assets and liabilities:									
Upfront regional developer fees	—	—	—	(296,983)	(824,658)	(977,841)	(296,983)	(824,658)	(977,841)
Deferred revenue	296,487	492,473	636,470	201,786	371,740	524,923	498,273	864,213	1,161,393
Other liabilities	280,162	404,529	560,790	122,353	245,106	367,659	402,715	649,435	728,449
Net cash provided by (used in) operating activities	447,878	1,465,160	5,682,415	(250,000)	(2,650,000)	(2,650,000)	197,878	(1,184,840)	3,032,415
Cash flows from investing activities:									
Recognition and termination of regional developer rights	(250,000)	(2,650,000)	(2,650,000)	250,000	2,650,000	2,650,000	—	—	—
Net cash used in investing activities	(1,539,943)	(11,414,961)	(14,938,929)	250,000	2,650,000	2,650,000	(1,289,943)	(8,764,961)	(12,288,929)
Decrease in cash	(1,066,427)	(9,876,748)	(8,944,196)	—	—	—	(1,066,427)	(9,876,748)	(8,944,196)

The following table summarizes the effect of the errors on the Company's consolidated balance sheets as of March 31, 2021, June 30, 2021, and September 30, 2021:

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	As Previously Reported			Adjustments			As Restated		
	March 31, 2021	June 30, 2021	September 30, 2021	March 31, 2021	June 30, 2021	September 30, 2021	March 31, 2021	June 30, 2021	September 30, 2021
Intangible assets, net	\$ 3,444,538	\$ 6,176,429	\$ 5,280,024	\$(2,315,922)	\$(1,774,178)	\$(1,232,393)	\$ 1,128,616	\$ 4,402,271	\$ 4,047,631
Deferred tax assets	8,360,245	9,322,066	9,850,676	2,092,559	2,040,446	1,894,666	10,452,804	11,362,512	11,745,342
Total assets	67,654,083	78,211,226	81,044,983	(223,564)	266,288	662,273	66,830,719	78,477,514	81,707,256
Current liabilities:									
Deferred franchise and regional development fee revenue, current portion	3,045,868	3,162,710	3,198,750	(3,045,868)	(3,162,710)	(3,198,750)	—	—	—
Deferred franchise fee revenue, current portion	—	—	—	2,229,101	2,347,990	2,405,509	2,229,101	2,347,990	2,405,509
Upfront regional developer fees, current portion	—	—	—	816,767	814,720	793,450	816,767	814,720	793,450
Other current liabilities	707,763	551,035	404,901	—	—	—	707,763	551,035	404,901
Total current liabilities	17,414,714	21,778,714	20,934,744	—	—	—	17,414,714	21,778,714	20,934,744
Deferred franchise and regional development fee revenue, net of current portion	13,560,449	14,708,216	15,349,878	(13,560,449)	(14,708,216)	(15,349,878)	—	—	—
Deferred franchise fee revenue, net of current portion	—	—	—	10,672,244	11,887,275	12,671,068	10,672,244	11,887,275	12,671,068
Upfront regional developer fees, net of current portion	—	—	—	2,888,205	2,820,941	2,678,810	2,888,205	2,820,941	2,678,810
Other liabilities	27,230	27,230	27,251	801,690	690,621	779,551	628,920	717,851	806,782
Total liabilities	43,364,021	50,911,850	51,383,166	801,690	690,621	779,551	43,965,711	51,602,471	52,162,717
Accumulated deficit	(17,780,218)	(15,096,255)	(15,184,061)	(825,054)	(424,333)	(117,278)	(18,605,272)	(15,526,588)	(13,301,339)
Total The Joint Corp. stockholders' equity	23,689,962	27,299,376	29,636,817	(825,054)	(424,333)	(117,278)	22,864,908	26,874,943	29,519,539
Total equity	23,690,062	27,299,376	29,661,817	(825,054)	(424,333)	(117,278)	22,865,008	26,875,043	29,544,539
Total liabilities and stockholders' equity	67,654,083	78,211,226	81,044,983	(223,564)	266,288	662,273	66,830,719	78,477,514	81,707,256

The following table summarizes the effect of the errors on the Company's consolidated income statements for the three-month periods ended March 31, 2021, June 30, 2021, and September 30, 2021:

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	As Previously Reported			Adjustments			As Restated		
	Q1'21	Q2'21	Q3'21	Q1'21	Q2'21	Q3'21	Q1'21	Q2'21	Q3'21
Revenues:									
Regional developer fees	\$ 217,956	\$ 214,434	\$ 209,651	\$(217,956)	\$(214,434)	\$(209,651)	\$ --	\$ --	\$ --
Total revenues	17,547,965	20,218,798	20,991,621	(217,956)	(214,434)	(209,651)	17,330,009	20,004,364	20,781,970
Cost of revenues:									
Franchise and regional developer cost of revenues	1,624,572	1,786,833	1,907,874	(217,956)	(214,434)	(209,651)	1,406,616	1,572,399	1,698,223
Total cost of revenues	1,765,317	2,038,538	2,309,122	(217,956)	(214,434)	(209,651)	1,547,361	1,824,104	2,099,471
Depreciation and amortization	1,169,866	1,443,018	1,662,255	(541,765)	(541,765)	(541,764)	628,101	901,253	1,126,491
General and administrative expenses	10,087,660	11,614,444	12,812,531	1,363,144	10,123	10,123	11,450,264	11,624,567	12,822,454
Total selling, general and administrative expenses	13,746,205	16,190,177	17,356,161	821,379	(531,642)	(531,641)	14,567,384	15,638,535	16,824,520
Income from operations	1,971,676	2,634,345	1,358,878	(821,379)	531,642	531,641	1,150,297	2,565,985	1,879,519
Income before income tax expense (benefit)	1,959,139	2,617,970	1,322,739	(821,379)	531,642	531,641	1,128,760	2,549,612	1,854,380
Income tax expense (benefit)	(364,148)	(685,992)	(614,356)	(246,546)	130,920	224,587	(619,694)	(535,072)	(389,769)
Net income	2,314,287	2,683,962	1,937,095	(574,833)	400,722	307,054	1,739,454	3,084,684	2,244,149
Earnings per share:									
Basic earnings per share	\$ 0.16	\$ 0.19	\$ 0.13	\$ (0.04)	\$ 0.03	\$ 0.03	\$ 0.12	\$ 0.22	\$ 0.16
Diluted earnings per share	\$ 0.16	\$ 0.18	\$ 0.13	\$ (0.04)	\$ 0.03	\$ 0.02	\$ 0.12	\$ 0.21	\$ 0.15

The following table summarizes the effect of the errors on the Company's consolidated income statements for the six-month period ended June 30, 2021 and the nine-month period ended September 30, 2021:

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	As Previously Reported		Adjustments		As Restated	
	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021
Revenues						
Regional developer fees	\$ 432,390	\$ 642,041	\$ (432,390)	\$ (642,041)	\$ —	\$ —
Total revenues	37,766,762	58,758,383	(432,390)	(642,041)	37,334,372	58,116,342
Cost of revenues:						
Franchise and regional developer cost of revenues	3,411,404	5,319,278	(432,390)	(642,041)	2,979,014	4,677,237
Total cost of revenues	3,805,854	6,103,976	(432,390)	(642,041)	3,371,464	5,461,935
Depreciation and amortization	2,612,884	4,275,140	(1,083,530)	(1,625,295)	1,529,354	2,649,845
General and administrative expenses	21,701,647	34,513,978	1,375,267	1,383,389	23,074,314	35,896,767
Total selling, general and administrative expenses	29,935,974	47,292,135	289,737	(241,906)	30,225,711	47,650,229
Income from operations	4,066,426	5,345,305	(289,737)	241,906	3,716,689	5,587,211
Income before income tax expense (benefit)	3,948,517	5,291,255	(289,737)	241,906	3,678,780	5,333,161
Income tax expense (benefit)	(1,050,140)	(1,644,496)	(115,626)	108,961	(1,145,766)	(1,535,535)
Net income	4,998,657	6,935,751	(174,111)	132,945	4,824,546	7,668,696
Earnings per share:						
Basic earnings per share	\$ 0.35	\$ 0.49	\$ (0.01)	\$ —	\$ 0.34	\$ 0.49
Diluted earnings per share	\$ 0.34	\$ 0.46	\$ (0.02)	\$ 0.01	\$ 0.32	\$ 0.47

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity for the first through third fiscal quarters of 2021.

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	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
Balances, December 31, 2020 (as previously reported)	\$ (20,094,912)	\$ 21,126,152	\$ 21,126,252
Adjustment due to cumulative error correction	(250,220)	(250,220)	(250,220)
Balances, December 31, 2020 (as restated)	<u>\$ (20,345,132)</u>	<u>\$ 20,875,932</u>	<u>\$ 20,876,032</u>
Balances, March 31, 2021 (as previously reported)	\$ (17,780,218)	\$ 23,689,962	\$ 23,690,062
Adjustment due to cumulative error correction	(825,054)	(825,054)	(825,054)
Balances, March 31, 2021 (as restated)	<u>\$ (18,605,272)</u>	<u>\$ 22,864,908</u>	<u>\$ 22,865,008</u>
Balances, June 30, 2021 (as previously reported)	\$ (15,096,255)	\$ 27,299,276	\$ 27,299,376
Adjustment due to cumulative error correction	(424,333)	(424,333)	(424,333)
Balances, June 30, 2021 (as restated)	<u>\$ (15,520,588)</u>	<u>\$ 26,874,943</u>	<u>\$ 26,875,043</u>
Balances, September 30, 2021 (as previously reported)	\$ (13,184,061)	\$ 29,636,817	\$ 29,661,817
Adjustment due to cumulative error correction	(117,278)	(117,278)	(117,278)
Balances, September 30, 2021 (as restated)	<u>\$ (13,301,339)</u>	<u>\$ 29,519,539</u>	<u>\$ 29,544,539</u>

The following table summarizes the effect of the errors on the Company's consolidated statements of cash flows for the three-month period ended March 31, 2021, the six-month period ended June 30, 2021, and the nine-month period ended September 30, 2021.

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	As Previously Reported			Adjustments			As Restated		
	Three Months Ended March 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Three Months Ended March 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Three Months Ended March 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021
Cash flows from operating activities:									
Net income	\$2,314,287	\$4,998,657	\$ 6,935,751	\$ (574,833)	\$ (174,111)	\$ 132,945	\$1,739,454	\$4,824,546	\$7,068,696
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation and amortization	1,169,866	2,612,888	4,275,140	(541,765)	(1,083,530)	(1,625,295)	628,101	1,529,554	2,649,865
Deferred income taxes	(418,810)	(1,380,631)	(1,909,241)	(325,352)	(273,239)	(127,459)	(744,162)	(1,653,870)	(2,056,700)
Changes in operating assets and liabilities:									
Upfront regional developer fees	—	—	—	(143,634)	(212,945)	(376,346)	(143,634)	(212,945)	(376,346)
Deferred revenue	329,383	1,757,294	2,410,202	107,955	177,266	340,666	437,338	1,934,560	2,750,868
Other liabilities	235,116	565,779	852,924	88,929	177,859	266,789	324,045	743,638	1,119,713
Net cash provided by operating activities	2,271,448	9,014,529	12,451,587	(1,388,700)	(1,388,700)	(1,388,700)	882,748	7,625,829	11,062,887
Cash flows from investing activities:									
Reacquisition and termination of regional developer rights	(1,388,700)	(1,388,700)	(1,388,700)	1,388,700	1,388,700	1,388,700	—	—	—
Net cash used in investing activities	(2,540,341)	(8,877,659)	(11,264,585)	1,388,700	1,388,700	1,388,700	(951,641)	(7,488,959)	(9,875,885)
Decrease in cash	(2,812,479)	(1,985,284)	(827,347)	—	—	—	(2,812,479)	(1,985,284)	(827,347)

[Table of Contents](#)**Note 15: Subsequent Events**

The employee retention credit ("ERC"), as originally enacted through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020, is a refundable credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 17, 2020 to December 31, 2020. The Disaster Tax Relief Act, enacted on December 27, 2020, extended the employee retention credit for qualified wages paid from January 1, 2021 to June 30, 2021, and the credit was increased to 70% of qualified wages an eligible employer paid to employees during the extended period. The American Rescue Plan Act of 2021, enacted on March 11, 2021, further extended the employee retention credit through December 31, 2021.

In October 2022, the Company filed an application with the IRS for the ERC. Employers are eligible for the credit if they experienced full or partial suspension or modification of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on a comparison of quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The Company's ERC application was equal to 70% of qualified wages paid to employees during the period from January 1, 2021 to June 30, 2021 for a maximum quarterly credit of \$7,000 per employee. In March 2023, the Company received notice from the IRS related to the overpayment of Federal Employment Tax plus interest in the amount of \$4.8 million related to the ERC application. The \$4.8 million ERC is subject to a 20% consulting fee. The Company's eligibility remains subject to audit by the IRS for a period of five years.

EXHIBIT "H"
TO DISCLOSURE DOCUMENT
OTHER AGREEMENTS

- (a) ~~Name:~~ _____
- (b) ~~Postal Address:~~ _____

- (c) ~~E-mail Address:~~ _____

2. ~~**Identification of Location Franchise General Manager.**~~ Your Location Franchise's general manager as of the Effective Date is _____. You must notify us if this manager changes.

FRANCHISEE:

_____,
a _____

By: _____ Date: _____

Name: _____

Its: _____

THE JOINT CORP.,
a Delaware corporation

By: _____ Date: _____

Name: _____

Its: _____

EXHIBIT 5“H”-1

STATE ADDENDA

[See Attached]

**STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL
AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES**

BACKGROUND AND PURPOSE

The following modifications are made to the THE JOINT® Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by The Joint Corp. (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede certain portions of the Franchise Agreement between you and us dated _____, 202____ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA~~FRANCHISEE COMPLIANCE QUESTIONNAIRE~~

~~**MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE[†]**~~

~~**FRANCHISEE COMPLIANCE QUESTIONNAIRE**~~

~~The Joint Corp. (the “Franchisor”) and you are preparing to enter into a Franchise Agreement. The purpose of this Franchisee Compliance Questionnaire (“Questionnaire”) is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please understand that your responses to these questions are important to us and that we will rely on them. Please review each of the following questions and statements carefully and provide honest and complete responses to each. By signing this Questionnaire, you are representing that you have responded truthfully to the following questions.~~

~~1. I had my first face to face (or by phone or email communication) meeting with a representative of the Franchisor on the date of _____.~~

~~2. I received and personally reviewed the Franchisor’s Franchise Disclosure Document (“FDD”) for The Joint Chiropractic® unit franchises that was provided to me. For purposes of this document, a The Joint Chiropractic® unit franchise shall be referred to as a “Franchise Business”.~~

~~Yes _____ No _____~~

~~Did you sign a receipt or acknowledge~~

- ~~1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.~~
- ~~2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.~~
- ~~3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.~~
- ~~4. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.~~
- ~~5. The Franchise Agreement and Supplemental Agreements require application of the laws of Arizona. This provision may not be enforceable under California law.~~
- ~~6. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).~~
- ~~7. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.~~
- ~~8. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.~~

~~[†]—Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.~~

3. ~~California Business and Professions Code Sections 20000 through electronic means a receipt for the FDD indicating the date you received it?~~

~~Yes _____ No _____~~

4. ~~Do you understand all of the information in the FDD and any state-specific Addendum to the FDD?~~

~~Yes _____ No _____~~

~~If no, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)~~

~~_____~~
~~_____~~
~~_____~~
~~_____~~

5. ~~Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?~~

~~Yes _____ No _____~~

6. Do you understand all of the information in the Franchise Agreement, each Addendum and related agreement provided to you?

Yes _____ No _____

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

7. Have you entered into any binding agreement with the Franchisor for the purchase of this Franchise Business before being provided a copy of the FDD for fourteen (14) calendar days?

Yes _____ No _____

8. Have ~~20043~~ provide rights to you paid any money to the Franchisor for the purchase of a Franchise Business before being provided a copy of the FDD for fourteen (14) calendar days?

Yes _____ No _____

9. Have you discussed the benefits and risks of establishing and operating a Franchise Business with your counsel or advisor?

Yes _____ No _____

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

Yes _____ No _____

10. Do you understand that the success or failure of your Franchise Business depends in large part on your skills and abilities, competition from other businesses, interest rates, inflation labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

Except as disclosed in Item 19 of its FDD, the Franchisor does not make information available to prospective Franchisees concerning actual, average, projected or forecasted sales, profits or earnings for a Franchise Business. The Franchisor does not furnish, or authorize its salespersons to furnish, any oral or written information concerning the actual, average, projected, forecasted sales, costs, income or profits of a Franchise Business. Franchisor specifically instructs its sales personnel, agents, employees and other officers that they are not permitted to make any claims or statements as to the earnings, sales, or profits, or prospects, or chances of success, nor are they authorized to represent termination, transfer, or estimate dollar figures as to a Franchise Business' operations. Actual results vary and are dependent on a variety of internal and external factors, some of which neither Franchisee, nor Franchisor can estimate. To ensure that Franchisor's policies have been followed, please answer the following questions:

11. ~~Has any employee, or other person speaking for the Franchisor, made any statement or promise to you regarding the total revenues a Franchise Business will generate that is contrary to the information in the FDD?~~

~~Yes _____ No _____~~

12. ~~Has any employee, or other person speaking for the Franchisor, made any statement or promise of the amount of money or profit you may earn in operating a Franchise Business that is contrary to the information in the FDD?~~

~~Yes _____ No _____~~

13. ~~Has any employee, or other person speaking for the Franchisor, promised you that you will be successful in operating a Franchise Business?~~

~~Yes _____ No _____~~

14. ~~Has any employee, or other person speaking for the Franchisor, made any statement, promise or verbal agreement of about advertising, marketing, training, support service or other assistance that the Franchisor will furnish to you that is contrary to, or different from, the information in the FDD?~~

~~Yes _____ No _____~~

15. ~~If you have answered "Yes" to any one of questions 11-14, please provide a full explanation of each "yes" answer. (Attach additional pages, if necessary, and refer to them below.) If you have answered "no" to each of questions 11-14, please leave the following lines blank.~~

~~_____

_____~~

16. ~~I signed non-renewal of a franchise. If the Franchise Agreement and Addendum (if any) on _____ and acknowledge that no Agreement or Addendum or Supplemental Agreements contain a provision that is effective until signed and dated by the Franchisor.~~

~~I certify that my answers to the foregoing questions are true, correct and complete. These acknowledgments are not intended to act, nor shall they act, as a release, estoppel or waiver of any liability incurred under any state's franchise registration and/or disclosure laws.~~

FRANCHISEE ("you")

By: _____

Title: _____

Date Received: _____

Date Signed: _____

~~EXHIBIT 6 TO FRANCHISE AGREEMENT~~

~~EFT AUTHORIZATION FORM~~

~~[See Attached]~~

EFT AUTHORIZATION AGREEMENT FORM



CLINIC NAME: _____

EFT AUTHORIZATION AGREEMENT

Through this EFT Authorization Agreement, I hereby authorize The Joint Corp., d/b/a The Joint Chiropractic to initiate automatic electronic funds transfers, withdrawals or deposits to my account at the financial institution named below for the fees and expenses as required by the terms of my franchise agreement (including without limitation; software fees, late fees, royalty draws (which consists of corporate royalty and Ad Fund contributions) and settlement of net inter-clinic activity). Any banking fees incurred by The Joint Corp. due to insufficient funds or outdated banking information will be my responsibility.

This EFT Authorization Agreement will remain in effect until The Joint Corp. receives a written notice of cancellation from me, or until I submit a new form to The Joint Corp. Accounting Department.

ACCOUNT INFORMATION

Add Change

Name of Financial Institution: _____

Routing Number: _____

Account Number: _____ Checking

SIGNATURE

Authorized Signature: _____ Date: _____

Print Name: _____

Please attach a voided check and return this form to the Accounting Department
(accounting.services@thejoint.com)

~~EXHIBIT 7 TO FRANCHISE AGREEMENT~~

~~STATE-SPECIFIC ADDENDA~~

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

~~1.9. If any of the provisions of the Agreement concerning termination are inconsistent with either the California Franchise Relations Act or with the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy related events), then such laws will apply.~~ Investment Law, the California Franchise Investment Law will control.

~~1. The Agreement requires that it be governed by Arizona law. This requirement may be unenforceable under California law.~~

~~2.10.~~ You must sign a general release of claims if you renew or transfer your ~~f~~Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

11. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.

HAWAII

1. The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED ~~IN WITNESS WHEREOF, the parties hereto have duly executed, sealed~~ THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

2. Our registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and ~~delivered~~ Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".

4. The states in which this filing is or will be shortly on file include the following: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following:
None.

6. The states, if any, which have revoked or suspended the right to offer these franchises include the following:
None.

7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None.

ILLINOIS Addendum to the

In recognition of the requirements of the Illinois Franchise Agreement on the same date as Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement was executed, and Supplemental Agreements are amended as follows:

THE JOINT CORP.,
a Delaware corporation,

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

~~1.—The Franchise Agreements contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.~~

~~2.—Any provisions of the Franchise Agreement that relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.~~

~~3.—The Franchise Agreement permits us to terminate the Agreement on the bankruptcy of you and/or your affiliates. This Article may not be enforceable under federal bankruptcy Illinois law. (11 U.S.C. § 101, *et seq.*).~~

~~4.—Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference shall apply to this Addendum.~~

1. ~~IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Hawaii Addendum to govern the Franchise Agreement on the same date as the Franchise Agreement was executed, and Supplemental Agreements.~~

**THE JOINT CORP.,
a Delaware corporation,**

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

| [In accordance with](#)

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

~~1. Any provisions of the Agreement requiring a general release as a condition of renewal and transfer of the franchise shall be limited to exclude claims arising under the Illinois Franchise Disclosure Act.~~

~~2. If any of the provisions of Section 15 of the Agreement concerning termination are inconsistent with Section 705/194 of the Illinois Franchise Disclosure Act of 1987, the provisions of Section 705/19 shall apply.~~

2. ~~The Illinois Franchise Disclosure Act will govern the Agreement with respect to Illinois Franchisees. The provisions of the Agreement concerning governing law, jurisdiction, and venue will not constitute a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Consistent with the foregoing, any provision in the Agreement which designates, any provision in the Franchise Agreement and Supplemental Agreements that designated~~ jurisdiction and venue in a forum outside of the State of Illinois is void ~~with respect. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to any cause of action which is otherwise enforceable in~~ take place outside of Illinois.

~~3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.~~

~~3.4.~~ In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

~~4.5. Illinois law governs the~~ The Franchise Agreement(s), and Supplemental Agreements are amended to state the following:

~~Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20~~ To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

INDIANA

In recognition of the Illinois requirements of the Indiana Franchise Disclosure Act, Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

~~3.— Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois law applicable to the provision are met independently without reference to this Addendum.~~

~~1. If the State of Indiana supersedes any of the provisions of this Section 17.10 of the Agreement concerning waivers is inconsistent with Section 705/41 of the Illinois the Disclosure Document, Franchise Disclosure Act of 1987, the Agreement and Supplemental Agreements if such provisions of Section 705/41 shall apply are in conflict with Indiana law.~~

2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.

4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.

5. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).

6. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

7. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND To the extent that Section 17.11

4.—~~In recognition of the Agreement concerning periods of limitation is inconsistent with Section 705/27 of the Illinois requirements of the Maryland Franchise Registration and Disclosure Act of 1987, the provisions of Section 705/27 shall apply.~~

~~IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Illinois Addendum to the Law (the “Maryland Franchise Agreement on the same date Law”), the Disclosure Document is amended as the Franchise Agreement was executed. follows:~~

THE JOINT CORP.,
a Delaware corporation,

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____ By: _____

Title: _____ Title: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

1. ~~Articles 2.6 and 14.5 each contain a provision requiring a~~ Item 17 of the Disclosure Document is amended to add the following:

a. ~~The general release~~ required as a condition of renewal, ~~sale and/or assignment/transfer of the franchise.~~ Such provision is inapplicable ~~shall not apply any liability~~ under the ~~Indiana Deceptive~~ Maryland Franchise Practices ~~Registration and Disclosure~~ Law, ~~IC 23-2-2.7 § 1(5).~~

1.—~~Under Article 8.3, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products which were required by us, if such procedures were utilized by you in the manner required by us.~~

2.—~~Article 17.9 is amended to provide that mediation between you and us will be conducted at a mutually agreed-on location.~~

3.—~~Article 17.11 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.~~

4.—~~Nothing in the Agreement will abrogate or reduce any rights you have under Indiana law.~~

5.—~~Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5 1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7 1 to 23-2-2.7-10, are met independently without reference to this Addendum.~~

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

~~**THE JOINT CORP.,**
a Delaware corporation,~~

~~By: _____~~

~~Print Name: _____~~

~~Title: _____~~

~~**FRANCHISEE**~~

~~By: _____~~

~~Title: _____~~

~~By: _____~~

~~Title: _____~~

- b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

The Franchise Agreement and Supplemental Agreements provide for

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

~~a. Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:~~

~~b.c. b. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).~~

~~2. e. The The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:~~

~~All representations requiring prospective franchisees to assent to the release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.~~

~~In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:~~

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

~~2.4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

~~3.5. d. A franchisee You may bring an action lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Law.~~

~~e. Any limitation on the period of time litigation claims may be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.~~

~~4.6. The acknowledgements and/or representations of the franchisee made in the franchise agreement which by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Maryland Law are not intended to nor shall they act to as a release, estoppel or waive waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. Law.~~

~~7. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.~~

~~8. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.~~

~~9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

~~f. 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.

~~g. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

~~THE JOINT CORP.,~~
~~a Delaware corporation,~~

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (viii) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

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

MINNESOTA~~ADDENDUM TO FRANCHISE AGREEMENT~~

~~1. Article 8 is amended to add the following:~~

~~“We will protect your right to use the Marks and/~~In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
- ~~4.~~ We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.”~~name.~~
- ~~5. Articles 2-6~~ We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. The following information is added to the cover page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3 of the Disclosure Document:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 5 of the Disclosure Document:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

4. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":
However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the

regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the “Summary” section of Item 17(d) of the Disclosure Document, titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.~~14.5 each contain a~~

6. The following is added to the end of the “Summary” sections of Item 17(v) of the Disclosure Document, titled “Choice of forum”, and Item 17(w) of the Disclosure Document, titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

7. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship..

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
- 1.6. Provisions requiring you to sign a general release as a condition of upon renewal and transfer of the franchise. Such release will exclude claims arising under agreement have been determined to be unfair, unjust and inequitable within the Minnesota intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

~~2.—Article 15 is amended to add the following:~~

~~With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C. 14, Subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days’ notice in advance of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the Franchise Agreement.~~

~~3.—Article 17.10 is amended as follows:~~

~~Pursuant to Minn. Stat. § 80C.17, Subd. 5, the parties agree that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues.~~

~~4.—Articles 17.8, and 17.9 are each amended to add the following:~~

~~Minn. Stat. Sec. 80C.2 1 and Minn. Rule 2860.4400J prohibit us from requiring litigation or mediation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Under this statute and rule, franchisor cannot require you to consent to injunction relief; however, franchisor may seek injunctive relief from the Court.~~

~~5.—Article 17.10 is amended to add the following:~~

~~Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.~~

~~6.—Each provision of this Agreement will 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.~~

- ~~7. IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Minnesota Addendum to the~~ Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the “Rhode Island Franchise Law”), the Disclosure Document, Franchise Agreement ~~on the same day as the Franchise Agreement was executed.~~

**~~THE JOINT CORP.,
a Delaware corporation,~~**

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

~~THIS ADDENDUM~~ (the “Addendum”) is made and entered into as of this _____ day of _____, 20____ (the “Effective Date”), by and between The Joint Corp., a Delaware corporation, with its principal business address at Supplemental Agreements ~~16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260~~ (“we,” or “us”), and _____, whose principal business address is _____ (“you”).

RECITALS

~~WHEREAS~~, you and we are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Addendum;

~~WHEREAS~~, the New York Franchise laws and regulations (the “New York Franchise Law”) apply to the franchise relationship between you and us because one or more of the following apply: (i) you are a resident of New York and the franchise that you will operate under the Franchise Agreement will be located or operated in New York; or (ii) any of the offering or sales activity relating to the Franchise Agreement originated in or was directed to New York;

~~WHEREAS~~, the New York Franchise Law imposes certain requirements and limitations on franchise agreements that are subject to the New York Franchise Law and these requirements and limitations are set forth in this Addendum; and

~~WHEREAS~~, you and we agree to amend the Franchise Agreement to comply with the New York Franchise Law.

~~NOW, THEREFORE~~, you and we agree that the Franchise Agreement shall be amended in accordance with the terms of this Addendum as follows:

1. ~~Amendments to Franchise Agreement.~~ The Franchise Agreement is hereby amended to incorporate the following provisions:

(a) ~~We will not require that you prospectively assent to a release, assignment, novation, waiver, condition, stipulation, or estoppel provision that purports to relieve any person from liability imposed by the New York Rhode Island Franchise Law.~~

(b) ~~We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any This provision of the New York Franchise Law.~~

(c) ~~Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.~~

1. (d) ~~Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Agreement Law.~~

2. ~~Section Miscellaneous.~~

(a) ~~Modification.~~ This Addendum and the Franchise Agreement when executed constitute the entire agreement and understanding between the parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the parties and relating to the subject matter contained in this Addendum and the Franchise Agreement, whether written or verbal, other than as contained within the executed Addendum and Franchise Agreement, are void and have no force and effect. In order to be binding between the parties, any subsequent modifications must be in writing signed by the parties.

~~(b) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Franchise Agreement shall remain in full force and effect. This Addendum shall not apply unless the jurisdictional requirements of the New York Franchise Law are met independently and without reference to this Addendum.~~

~~(c) Inconsistency. In the event of any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.~~

~~(d) Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.~~

~~**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum effective on the date stated on the first page above.~~

FRANCHISOR

FRANCHISEE

~~The Joint Corp., a Delaware corporation~~

By: _____
Name: _____
Title: _____

{Signature}

{Print Name}

{Date}

{Date}

~~**NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**~~

~~1.—Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.~~

~~2.—Article 17.9 will be amended to state that mediation involving a franchise purchased in North Dakota must be held in a location mutually agreed on prior to the mediation, or if the parties cannot agree on a location, at a location to be determined by the mediation.~~

~~3.—Article 9.3 is amended to add that covenants not to compete on termination or expiration of a Franchise Agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.~~

~~4.—Article 17.9 will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota, subject to the mediation provision of the Agreement.~~

~~5.—Article 17.11 will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.~~

~~6.—Article 17.10 requires the franchisee to waive a trial by jury, as well as exemplary and punitive damages. These requirements are not enforceable in North Dakota pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, and are therefore not part of the Franchise Agreement.~~

~~7.—Article 17.10 requirement that the franchise consent to a limitation of claims period of one year is not consistent with North Dakota law. The limitation of claims period under the Franchise Agreement shall therefore be governed by North Dakota law.~~

~~8.—Each provision of this Addendum will 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 Addendum.~~

~~IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this North Dakota Addendum to the Franchise Agreement on the same day as the Franchise Agreement was executed.~~

~~**THE JOINT CORP.,**
a Delaware corporation,~~

~~By: _____
Print Name: _____
Title: _____~~

~~**FRANCHISEE**~~

~~By: _____
Title: _____~~

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

~~1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.~~

~~2. This Agreement requires that it be governed by Arizona law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under Sec. 19-28.1-14.~~

~~3. Article 17.11 of the Agreement will each be amended by the addition of the following, which will be considered an integral part of this Agreement:~~

2. ~~“§ 19-28.1-14 of the Rhode Island Franchise Investment Act~~Law provides that ~~“A provision in an Franchise Agreement~~a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”~~”~~”
If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

~~4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act, §§ 19-28-1.1 through 19-28.1-34, are met independently without reference to this Addendum.~~

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

~~THE JOINT CORP.,~~
~~a Delaware corporation,~~

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____
By: _____
Title: _____

3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

~~VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT~~

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. ~~If any grounds for default or termination stated in the franchise Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.~~

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
- ~~4.5.~~ Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

~~**WASHINGTON** Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchise to use undue influence to induce a franchisee to surrender any rights given to him under the franchise. If any provision of the franchise agreement involved the use of undue influence by the franchisor to induce the franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.~~

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

**THE JOINT CORP.,
a Delaware corporation,**

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

~~1. We will not require that you prospectively assent to a release, assignment, novation, or waiver that purports to relieve any person from liability imposed by the Washington Franchise Investment Protection Act.~~

~~2. We will not require you to agree to any condition, stipulation, or provision, including a choice of law provision, that binds any person to waive compliance with any provision~~

In recognition of the requirements of the Washington Franchise Investment Protection Act. This provision does not apply to a release or waiver executed by any person pursuant to a negotiated settlement. Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act shall, Chapter 19.100 RCW will prevail.

~~3. Unless you and we mutually agree otherwise, arbitration will be conducted in the State of Washington.~~

~~4. We will not unreasonably restrict your rights and remedies under the Washington Franchise Investment Protection Act, including, but not limited to, the right to a jury trial.~~

2. 5. We will not RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

2.4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the 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. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Washington Franchise Investment Protection Act is amended to toll the statute of limitations for purposes of bringing an action within one (1) year after the final judgment or order in any civil, criminal, or administrative proceedings brought by the federal or Washington state governments or any of their agencies relating to anti-trust or franchising laws, including the Washington Franchise Investment Protection Act.~~

3.5. 7. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with

these limitations are void and unenforceable in Washington.RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. On October 28, 2019, franchisor entered into an Assurance of Discontinuance (“AOD”) with the Washington Attorney General’s office (“AGO”). Under the AOD, the franchisor agreed to permanently discontinue the use of and to no longer enforce “no-poach” language in franchisor’s agreements which restricted the ability of franchisees to hire the employees from competing franchisees and from franchisor’s corporate locations. Franchisor further agreed to notify the AGO of any efforts by a franchisee in Washington to enforce any existing “no-poach” provision, to proactively remove “no-poach” language from each Washington franchisee’s franchise agreement and to remove “no-poach” language from all other The Joint franchise agreements upon renewal.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement. We are responsible for checking the appropriate box or boxes below.

- | | | |
|--|--|--|
| <input type="checkbox"/> <u>California</u> | <input type="checkbox"/> <u>Michigan</u> | <input type="checkbox"/> <u>South Dakota</u> |
| <input type="checkbox"/> <u>Hawaii</u> | <input type="checkbox"/> <u>Minnesota</u> | <input type="checkbox"/> <u>Virginia</u> |
| <input type="checkbox"/> <u>Illinois</u> | <input type="checkbox"/> <u>New York</u> | <input type="checkbox"/> <u>Washington</u> |
| <input type="checkbox"/> <u>Indiana</u> | <input type="checkbox"/> <u>North Dakota</u> | <input type="checkbox"/> <u>Wisconsin</u> |
| <input type="checkbox"/> <u>Maryland</u> | <input type="checkbox"/> <u>Rhode Island</u> | |

Dated: _____, 202

FRANCHISOR: _____

The Joint Corp.

By: _____

Name: _____

Title: _____

FRANCHISEE:

[_____]

By: _____

Name: _____

Title: _____

EXHIBIT "H"-2

MANAGED CLINIC ADDENDUM

[See Attached]

MANAGED CLINIC ADDENDUM

This Managed Clinic Addendum (this "Addendum") is entered into as of _____, 202__ (the "Effective Date") between The Joint Corp., a Delaware corporation ("we" or "us") and _____, a(n) _____ ("you" and, together with us, the "Parties").

BACKGROUND RECITALS

- A. Concurrently with the execution of this Addendum, the Parties are entering into a The Joint Franchise Agreement (the "Franchise Agreement") for the development and operation of a Clinic (your "Clinic").
- B. Your Clinic is located in a state that adheres to a corporate practice of medicine doctrine that applies to chiropractic clinics ("CPOM").
- C. The CPOM applicable in your state makes it unlawful for you to own and operate the Clinic because you are neither a licensed chiropractor nor a Chiropractic PC. Because of these restrictions, you must acquire franchise rights for a Managed Clinic.
- D. Our standard form of Franchise Agreement assumes the franchisee is a licensed chiropractor or Chiropractic PC who may lawfully develop, own and operate a Franchised Clinic.
- E. The Parties now desire to enter into this Addendum to amend certain provisions within the Franchise Agreement to reflect the fact you are acquiring a Managed Clinic rather than a Franchised Clinic.
- F. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend and supplement the Franchise Agreement in accordance with the terms and conditions set forth below.

AGREEMENT

~~**Definitions.** 8.— Section 19.100.180 of the Washington Franchise Investment Protection Act may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.~~

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

~~**THE JOINT CORP.,
a Delaware corporation,**~~

~~By: _____~~

~~Print Name: _____~~

~~Title: _____~~

~~**FRANCHISEE**~~

~~By: _____~~

Title: _____

EXHIBIT C

OPERATIONS MANUAL

1. TABLE Capitalized terms used in this Addendum have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement.

“Acceptance and Acknowledgment Agreement” means the Acceptance and Acknowledgment Agreement attached hereto as Attachment A that must be signed in accordance with §3.2 of this Addendum.

“Addendum” is defined in the Introductory Paragraph.

“Clinic” is defined in the Background Recitals.

“Clinic Operator” means the Chiropractic PC you designate in accordance with §3.1 of this Addendum that will own and operate the Clinic and enter into a Management Agreement with you.

“CPOM” is defined in the Background Recitals.

“Effective Date” is defined in the Introductory Paragraph.

“Franchise Agreement” is defined in the Background Recitals.

“Management Fees” means all compensation, monetary or otherwise, that Clinic Operator pays to you or your staff in connection with the Management Agreement, the Management Services or the Clinic.

“Management Services” means the non-medical management and administrative services and support you provide for the benefit of Clinic Operator pursuant to the Management Agreement. Management Services may include, among other things, assistance with: site selection; managing the design and construction process and coordinating with architects, contractors and other professionals; negotiating contracts and managing supplier relationships; procurement and installation of signage, furniture, fixtures, technology systems, equipment, operating supplies and other goods and services; configuration of technology systems and training staff regarding use of same; staff recruitment; obtaining licenses, permits and credentialing reports; payroll services; human resource matters; selection and procurement of insurance; billing and collection services; patient scheduling services; preparation and maintenance of patient records and files; financial management, budgeting, bookkeeping and accounting services; preparing financial and operational reports; filing annual reports and tax documents; advertising and marketing; management of inbound and outbound sales processes; patient retention and communications; and facility maintenance, janitorial, sanitation and cleaning services. For purposes of clarity, Management Services shall not include Chiropractic Services or any other services that interfere with the Professional Judgment of Clinic Operator or the Chiropractic Staff.

“Operational Data” means and includes all data and information pertaining to the operation of (a) the chiropractic practice and other business that Clinic Operator conducts at the Clinic and (b) the franchised business you conduct at the Clinic pursuant to the Franchise Agreement and this Addendum, including employee data (including data pertaining to Chiropractic Staff members), expense data, financial accounting data and sales data. The foregoing definition of “Operational Data” shall be substituted in place of the definition of Operational Data contained in the Franchise Agreement.

“Parties” is defined in the Introductory Paragraph.

“PC Revenue” means the sum of all revenue and receipts derived from or invoiced in connection with the operation of the Clinic that are paid to (or are paid on behalf of or for the benefit of) Clinic Operator or any Chiropractic Staff employed or engaged by Clinic Operator, whether in the form of cash, check, credit card, debit card, barter, exchange or other credit transaction, including amounts invoiced but not collected. PC Revenue excludes any amounts that are paid to (or are paid on behalf of or for the benefit of) Clinic Operator if those amounts are subsequently paid to you or your staff as Management Fees.

“Professional Judgment” is defined in the Franchise Agreement; *provided, however,* that for purposes of this Addendum and the Franchise Agreement, Professional Judgment shall not be limited to the Professional Judgment of the Chiropractic Staff but will also be deemed to refer to the Professional Judgment exercised by

Clinic Operator.

“We” or “us” is defined in the Introductory Paragraph.

“You” is defined in the Introductory Paragraph.

2. OPERATION OF A MANAGED CLINIC. The Parties hereby acknowledge and affirm that the Franchise Agreement grants you franchise rights for a Managed Clinic rather than a Franchised Clinic. Accordingly, you will not own or operate the Clinic. Instead, Clinic Operator will own and operate the Clinic and you will manage the Clinic by providing Management Services in accordance with the Franchise Agreement, this Addendum, the Management Agreement and the Manual. For purposes of this Addendum, “ownership of the Clinic” refers to ownership of the chiropractic practice conducted from the Clinic and does not necessarily refer to ownership of the premises or any of the furniture, fixtures, equipment or other assets located within or utilized at the Clinic. You must perform all Management Services required by the Manual in strict compliance with all applicable standards, specifications, policies, procedures and other requirements in the Manual and in accordance with our System.

3. ESTABLISHING RELATIONSHIP WITH CLINIC OPERATOR.

3.1. Selection of Clinic Operator. You must identify and appoint a Chiropractic PC (the “Clinic Operator”) that is licensed and authorized to own and operate a Clinic, provide Chiropractic Services and employ Chiropractic Staff, in accordance with the CPOM and other Healthcare Laws applicable in the state in which your Clinic is or will be located. You are solely responsible for locating a suitable Chiropractic PC to serve as Clinic Operator. You must provide us with the name and all information we reasonably request regarding the Clinic Operator and its owners and Chiropractic Staff. Your appointment of the Clinic Operator, and the Clinic Operator’s acceptance of the appointment, shall be evidenced by execution of the Acceptance and Acknowledgment Agreement by us, you and Clinic Operator.

3.2. Acceptance and Acknowledgment Agreement. You must sign (and cause Clinic Operator to sign) the Acceptance and Acknowledgment Agreement and the Management Agreement prior to the Clinic’s opening date. Your failure to do so shall constitute a material event of default under the Franchise Agreement. Clinic Operator shall have no right or license to use any of the Intellectual Property except as otherwise provided in the Acceptance and Acknowledgment Agreement.

3.3. Management Agreement. Your Healthcare Counsel must prepare a Management Agreement that is signed by you and Clinic Operator. The Management Agreement must satisfy all criteria and requirements described in this Section. The Management Agreement shall include provisions that: (a) require Clinic Operator to own and operate the Clinic, employ the Chiropractic Staff who provide Chiropractic Services at the Clinic and compensate you for the Management Services you provide; and (b) require you to manage the Clinic by providing the Management Services. The Management Agreement shall not: (a) grant any license, sublicense or other right to use the Intellectual Property, except with our prior written approval; or (b) contain any terms or conditions that conflict with the terms of the Franchise Agreement (as modified and supplemented by this Addendum). The Management Agreement must include all mandatory terms and conditions that we designate (as further specified in the Manual or otherwise) including, without limitation:

- (i) covenants that protect and/or restrict use of our Intellectual Property;
- (ii) non-competition covenants;
- (iii) covenants restricting disclosure and use of our Confidential Information;
- (iv) limitations on our liability;
- (v) provisions governing training of Clinic Operator’s owners and Chiropractic Staff;
- (vi) provisions governing the ownership, transfer and use of Business Data;
- (vii) provisions restricting the goods and services that may be offered and sold from the Clinic;
- (viii) covenants requiring you and Clinic Operator to comply with all applicable Healthcare Laws;
- (ix) cross default provisions (i.e., the termination or expiration of the Franchise Agreement shall be

- deemed a default resulting in the automatic termination of the Management Agreement);
- (x) obligations that apply following termination or expiration of the Management Agreement;
 - (xi) covenants regarding insurance policies that must be maintained by Clinic Operator;
 - (xii) covenants obligating each party to: (a) notify us in writing of any default committed by the other party; and (b) provide us with at least 30 days' notice prior of the termination or expiration of the Management Agreement; and
 - (xiii) any other terms, conditions or covenants that the Manual requires be included in the Management Agreement.

The Management Agreement shall expressly provide that we are an intended third-party beneficiary with the right to enforce all terms and conditions pertaining to: (a) the Intellectual Property; (b) the use or disclosure of our Confidential Information; (c) covenants against unfair competition; and (d) any other terms and conditions we reasonably designate as being necessary to protect our interests or the interests of our franchisees. If we choose to provide you with a sample Management Agreement (which we have no obligation to do) then: (a) you acknowledge our sample Management Agreement has not been prepared or reviewed for compliance with Healthcare Laws applicable in your state; and (b) your Healthcare Counsel must review and revise our sample Management Agreement for compliance with all applicable Healthcare Laws. You are responsible for ensuring the Management Agreement complies with all applicable Healthcare Laws. You must fully comply, and ensure Clinic Operator fully complies, with your and Clinic Operator's respective obligations under the Management Agreement. You must promptly provide us with a fully executed copy of the Management Agreement.

3.4. Change of Clinic Operator. You must maintain your relationship with Clinic Operator at all times following the Clinic's Opening Date. If Clinic Operator ceases to perform its obligations under the Management Agreement for any reason, you must immediately close the Clinic (or, with our permission, continue to operate the Clinic but immediately discontinue all Chiropractic Services) until such time that Clinic Operator resumes performance of its obligations. If your relationship with a Clinic Operator is discontinued for any reason you must appoint a new Clinic Operator (in accordance with §3.1 and §3.2 of this Addendum) and enter into a new Management Agreement (in accordance with §3.3 of this Addendum) no later than 30 days from the date your relationship with Clinic Operator is discontinued.

2.4. OPERATION OF ~~CONTENTS~~CLINIC.

4.1. Compliance with Brand Standards. You are responsible for ensuring the Clinic is developed and operated in compliance with the Franchise Agreement, this Addendum and the Manual. Accordingly, you must ensure Clinic Operator operates the Clinic in compliance with the Franchise Agreement, this Addendum and the Manual, subject to any deviations necessary to conform to the Professional Judgment of Clinic Operator or the Chiropractic Staff in accordance with §4.4 of this Addendum. Clinic Operator shall be provided with a complete executed copy of the Franchise Agreement and this Addendum. Clinic Operator must agree to comply with the terms of the Franchise Agreement governing the operation of the Clinic as if Clinic Operator was the franchisee thereunder. To ensure compliance with our brand standards, you agree to provide Clinic Operator's owners and Chiropractic Staff with all training programs we designate from time to time.

4.2. Access to Confidential Information. You may disclose to Clinic Operator and the Chiropractic Staff only such portions of our Confidential Information as is necessary to enable them to perform their obligations under, and in compliance with, the Franchise Agreement, this Addendum, the Management Agreement and the Manual. You must ensure that Clinic Operator, all owners of Clinic Operator and all Chiropractic Staff sign a Confidentiality Agreement. You shall be jointly liable to us for any breach of a Confidentiality Agreement committed by Clinic Operator or any of its owners or Chiropractic Staff.

4.3. Restrictions on Providing Chiropractic Services. You understand the practice of chiropractic (including the rendering of Chiropractic Services performed at a Clinic) is a licensed medical profession requiring independent judgment, skill and training. Neither we nor you are authorized to engage in the practice of chiropractic or

provide Chiropractic Services. You are strictly prohibited from providing, or representing that you provide, any Chiropractic Services. Only Clinic Operator and the Chiropractic Staff may provide Chiropractic Services at the Clinic. Chiropractic Services must be performed by, or under the supervision of, Chiropractic Staff in compliance with applicable Healthcare Laws. You and your Owners are strictly prohibited from: (a) directing, controlling or otherwise influencing Clinic Operator or the Chiropractic Staff with respect to the manner in which Chiropractic Services are rendered to patients; (b) providing Chiropractic Services in connection with the Clinic; (c) engaging in any actions reasonably likely to imply or give the appearance that you or your Owners are providing Chiropractic Services in connection with the Clinic; or (d) marketing or otherwise communicating to any Person that you are, or anyone other than Clinic Operator is, the Clinic operator and owner of the chiropractic practice conducted from the Clinic.

4.4. Professional Judgment. You must not engage in any activities that might interfere with the Professional Judgment of Clinic Operator or the Chiropractic Staff. Neither we nor you may control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by Clinic Operator or the Chiropractic Staff. In recognition of these facts, you and we acknowledge and agree that if any terms within a Definitive Agreement or the Manual conflict with the Professional Judgment of Clinic Operator or the Chiropractic Staff, the Professional Judgment of Clinic Operator and the Chiropractic Staff will control, and Clinic Operator and the Chiropractic Staff shall be authorized to act in a manner consistent with their Professional Judgment without being deemed in breach of any Definitive Agreement or the Manual. You must promptly notify us if Clinic Operator or any member of the Chiropractic Staff informs you that any terms within a Definitive Agreement or the Manual conflict with their Professional Judgment.

5. SITE SELECTION, LEASE, CONSTRUCTION AND DEVELOPMENT OF CLINIC. Unless we agree otherwise, you will be responsible, at your expense, for: (a) finding and obtaining our acceptance of the site for the Clinic in accordance with §8.1 of the Franchise Agreement; (b) entering into a lease for the premises of the Clinic and causing the landlord to execute our required Lease Addendum in accordance with §8.2 of the Franchise Agreement; (c) the design, buildout and construction of the Clinic in accordance with §8.3 and §8.4 of the Franchise Agreement; and (d) the purchase (or lease) and installation of all furniture, fixtures, technology systems, operating equipment, signs and other items we require in accordance with §8.4 of the Franchise Agreement, subject to any deviations deemed reasonably necessary in the Professional Judgment of Clinic Operator or the Chiropractic Staff.

6. ACCOUNTING, INSPECTIONS AND AUDITS

6.1. Books and Records. You must ensure Clinic Operator maintains its books and records in the manner required by the Franchise Agreement and the Manual. We must have access to all of Clinic Operator's books and records that relate to the Clinic in the same manner and to the same extent provided in the Franchise Agreement with respect to your books and records.

6.2. Financial Statements. For purposes of preparing financial statements required by the Franchise Agreement, you agree to make all adjustments required by the Manual to reflect the revenues, expenses and other financial metrics pertaining to the business conducted by Clinic Operator in connection with the Clinic.

6.3. Inspections and Audits. We have the right, in accordance with the terms and conditions of the Franchise Agreement, to inspect: (a) the Clinic; (b) the operation of the Clinic by Clinic Operator and the Chiropractic Staff; and (c) Clinic Operator's books and records. We (or an auditor we designate) have the right, in accordance with the terms and conditions of the Franchise Agreement, to audit Clinic Operator's books and records that relate to the Clinic. You must ensure Clinic Operator and the Chiropractic Staff fully cooperate with all such inspections and audits.

7. INSURANCE. You must ensure that: (a) Clinic Operator obtains, and at all times during the term of the Management Agreement maintains, all required insurance policies set forth in the Franchise Agreement or the Manual; and (b) that we are a named additional insured on all such insurance policies. You must provide us with evidence of such insurance coverage upon request.

8. OTHER MODIFICATIONS TO FRANCHISE AGREEMENT

8.1. Preopening Requirements. In addition to the preopening conditions set forth in §1.1(a) of the Franchise Agreement, we will not issue our authorization to open before:

- (i) you appoint the Clinic Operator and provide us with all information we request about the Clinic Operator and its owners and chiropractors;
- (ii) you send us a fully executed copy of (a) the Acceptance and Acknowledgment Agreement and (b) the Management Agreement; and
- (iii) if we so request, your Healthcare Counsel issues a Legal Compliance Opinion Letter in accordance with §9 of this Addendum.

8.2. Business Data. Subject to applicable privacy Laws and Healthcare Laws, we will own all Business Data (excluding Protected Health Information) pertaining to: (a) you, and the Business you conduct; and (b) Clinic Operator, and the chiropractic practice and other business that Clinic Operator conducts from the Clinic. We will license you and Clinic Operator the right to use the Business Data solely for purposes of managing and operating the Clinic in accordance with the Franchise Agreement, this Addendum, the Management Agreement and the Manual.

8.3. Patient References. All references to “patients” or “clients” in the Franchise Agreement shall be deemed to refer to patients or clients of the Clinic and include patients and clients of Clinic Operator.

8.4. Gross Sales. For all purposes of the Franchise Agreement, the term Gross Sales shall be deemed amended to include all Management Fees and PC Revenue, regardless of whether the PC Revenue is recognized as revenue on your books.

8.5. Conditions to Renewal. As a further condition to you entering into a Successor Agreement in accordance with §5.2 of the Franchise Agreement, you must execute our then-current form of Managed Clinic Addendum.

9. LEGAL COMPLIANCE. You must ensure the operation of the Clinic, the Management Services you provide in connection with the Clinic and your relationship with Clinic Operator comply with all Healthcare Laws, including, without limitation, CPOM applicable in your state. You must engage Healthcare Counsel to advise you on these matters. We may require that your Healthcare Counsel prepare an opinion letter, addressed to us, confirming that the Management Agreement and your relationship with Clinic Operator fully comply with CPOM and all other Healthcare Laws applicable in your state (a “Legal Compliance Opinion Letter”). The Legal Compliance Opinion Letter must be reasonably satisfactory to us. You and Clinic Operator must sign any Business Associate Agreement we specify in order to comply with HIPAA; provided, however, that you and Clinic Operator remain solely responsible for compliance with Healthcare Laws.

10. INDEMNIFICATION. Your indemnification obligations set forth in §19 of the Franchise Agreement shall extend to any and all Losses and Expenses the Indemnified Parties incur as a result of or in connection with:

- (i) Claims arising from or relating to any acts, errors or omissions of Clinic Operator or any member of the Chiropractic Staff;
- (ii) Claims arising from or relating to Chiropractic Services or other services provided by Clinic Operator or the Chiropractic Staff;
- (iii) Claims arising from or relating to the Management Agreement or the relationship between you and Clinic Operator or between you and the Chiropractic Staff;
- (iv) the breach of any agreement by committed by Clinic Operator;
- (v) libel, slander or disparaging comments made by Clinic Operator or any of its owners, officers, employees or independent contractors regarding the System, a Clinic or an Indemnified Party;
- (vi) any labor, employment or similar type of Claim pertaining to Clinic Operator’s employees (including Claims alleging we are a joint employer of Clinic Operator’s Chiropractic Staff or other employees) or our relationship with Clinic Operator or its owners (including Claims alleging we are an employer of Clinic Operator and/or any of its owners); or
- (vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including

the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to Clinic Operator's employees.

11. TERMINATION. You acknowledge that any acts or omissions committed by Clinic Operator that would constitute a breach of the Franchise Agreement if such acts or omissions were committed by you shall constitute a default under the Franchise Agreement notwithstanding the fact the acts or omissions were committed by Clinic Operator and not you. We may terminate this Addendum, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if you fail to appoint the Clinic Operator, or fail to sign (or cause Clinic Operator to sign) the Acceptance and Acknowledgement Agreement and/or the Management Agreement, prior to the Clinic's required opening date;
- (ii) if you fail to appoint and sign a Management Agreement with a new Clinic Operator within the time required by §3.4 of this Addendum if your relationship with a Clinic Operator is discontinued;
- (iii) if Clinic Operator breaches the Acceptance and Acknowledgment Agreement and fails to cure the default prior to the expiration of the applicable cure period (if a cure period is provided);
- (iv) if the Franchise Agreement is terminated for any reason or expires without renewal; or
- (v) if you breach any other provision of this Addendum (including any mandatory provision in the Manual relevant to this Addendum) and fail to cure the breach within 30 days after receipt of a default notice from us.

Any termination of this Agreement shall automatically result in the termination of the Franchise Agreement unless we otherwise agree in writing.

12. MISCELLANEOUS.

12.1. Integration. This Addendum and the Franchise Agreement when executed constitute the entire agreement and understanding between the Parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the Parties and relating to the subject matter contained in this Addendum and the Franchise Agreement, whether written or verbal, other than as contained within the executed Addendum and Franchise Agreement, are void and have no force and effect. In order to be binding between the Parties, any subsequent modifications must be in a writing signed by the Parties. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

12.2. Effect on Agreement. The terms of this Addendum are expressly made subject to and governed by the Franchise Agreement. Except as specifically modified or supplemented by this Addendum, all terms set forth in the Franchise Agreement (as previously amended) remain in full force and effect.

12.3. Inconsistency. If there is any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.

12.4. Assignment. You may not assign this Addendum, or any of your rights or obligations hereunder, except in connection with a Transfer of the Franchise Agreement, in accordance with the transfer provisions contained therein, to a transferee who is not eligible to acquire a Franchised Clinic.

Counterparts



. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

[Signature Page Follows]

The Parties have executed this Addendum effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By:

Name:

Title:

YOU (If you are an Entity):

a(n)

By:

Name:

Title:

YOU (If you are not an Entity):

Name:

Name:

Name:

Name:

ATTACHMENT A

Form of Acceptance and Acknowledgment Agreement

[See attached]

=====
=====
ACCEPTANCE AND ACKNOWLEDGMENT AGREEMENT

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

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

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

“CPOM” is defined in the Background Recitals.

“Effective Date” is defined in the Introductory Paragraph.

“Franchise Agreement” is defined in the Background Recitals, and refers to the Franchise Agreement as amended by the Managed Clinic Addendum.

“Franchisee” is defined in the Introductory Paragraph.

“Governing Agreements” means, collectively: (a) this Agreement; (b) the Management Agreement; and (c) the Franchise Agreement.

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

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

- (a) restrict or limit the Persons who may lawfully own a Clinic, provide Chiropractic Services and/or employ Chiropractic Staff, including CPOM and other comparable Laws;
- (b) regulate the practice of chiropractic, including Laws requiring the licensure of chiropractors or other Chiropractic Staff;
- (c) restrict physician self-referrals, including the federal Stark Law and comparable state Laws;
- (d) restrict or prohibit the payment or receipt of remuneration as an inducement or reward for patient referrals, including the federal Anti-Kickback Statute and comparable state Laws;
- (e) restrict or prohibit certain fee splitting arrangements involving physicians or other healthcare professionals;
- (f) regulate the use of medical devices;
- (g) regulate the privacy of patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information for Economic and Clinical Health Act (HITECH) and other comparable federal and state Laws; or

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

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

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

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

“Intellectual Property” means, collectively or individually, the Business Data (excluding Protected Health Information), Copyrighted Materials, Improvements, Know-how, Marks and System.

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

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

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

“Managed Clinic” means a Clinic: (a) that is owned and operated by a separate Chiropractic PC that is not owned by or under common ownership with the franchisee or the franchisee’s owners; and (b) with respect to which the franchisee provides Management Services (pursuant to a Management Agreement signed by the franchisee and the Chiropractic PC) but not Chiropractic Services.

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

“Management Services” means the non-medical management and administrative services and support provided by Franchisee for the benefit of Clinic Operator pursuant to the Management Agreement. Management Services may include, among other things, assistance with: site selection; managing the design and construction process and coordinating with architects, contractors and other professionals; negotiating contracts and managing supplier relationships; procurement and installation of signage, furniture, fixtures, technology systems, equipment, operating supplies and other goods and services; configuration of technology systems and training staff regarding use of same; staff recruitment; obtaining licenses, permits and credentialing reports; payroll services; human resource matters; selection and procurement of insurance; billing and collection services; patient scheduling services; preparation and maintenance of patient records and files; financial management, budgeting, bookkeeping and accounting services; preparing financial and operational reports; filing annual reports and tax documents; advertising and marketing; management of inbound and outbound

sales processes; patient retention and communications; and facility maintenance, janitorial, sanitation and cleaning services. For purposes of clarity, Management Services shall not include Chiropractic Services or any other services that interfere with the Professional Judgment of Clinic Operator or the Chiropractic Staff.

“Manual” means our confidential Operations Manual for the operation of a Clinic.

FRANCHISE OPERATIONS MANUAL

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<u>SECTION</u>	<u># OF PAGES</u> <u>EACH SUBJECT</u>
A. Primary Operations Manual	
1. INTRODUCTION TO THE JOINT CHIROPRACTIC	10
2. OPENING A NEW CLINIC	18
3. OPERATING POLICIES & PROCEDURES	56
4. SMO/P.C.	11
5. FORMS	2
6. CLINIC JOB AIDES	20
7. CONSTRUCTION MANUAL	75
8. OPERATING STANDARDS	86
Subtotal:	278
B. Franchise Training Manual	33
C. Grand Opening Workbook	9
D. Business Plan Template excel workbook	N/A
E. New Clinic Opening Guide	14
F. Atlas User videos electronic	N/A
G. Patient Experience Assessment	N/A
H. Brand Guide	14
I. New Program Implementation Guides	N/A
J. Recruiting Resources Guide electronic	N/A
K. Monthly Communication Bulletins 2-3 pages each month	N/A
L. Doctor of Chiropractic Onboarding Training electronic	N/A
Total Pages (Approximate)	348

EXHIBIT D

FINANCIAL STATEMENTS

PART I: FINANCIAL INFORMATION

ITEM 1. UNAUDITED FINANCIAL STATEMENTS

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2023	December 31, 2022
	(in dollars)	(in euros)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,030,137	\$ 9,745,066
Restricted cash	1,092,216	805,251
Accounts receivable, net	3,633,127	3,911,272
Deferred franchise and regional development costs, current portion	1,054,534	1,054,060
Prepaid expenses and other current assets	2,602,563	2,098,359
Assets held for sale	3,972,113	—
Total current assets	28,424,690	17,614,108
Property and equipment, net	13,255,755	17,473,152
Operating lease right-of-use asset	19,803,806	20,387,199
Deferred franchise and regional development costs, net of current portion	5,409,924	5,707,678
Intangible assets, net	8,623,115	10,928,295
Goodwill	8,448,993	8,493,407
Deferred tax assets (\$1.0 million and \$1.0 million attributable to VIE)	11,741,899	11,928,152
Deposits and other assets	765,263	756,266
Total assets	\$ 98,272,626	\$ 93,490,373
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,877,062	\$ 2,966,509
Accrued expenses	2,408,334	1,009,610
Co-op funds liability	1,092,216	805,251
Payroll liabilities (\$1.0 million and \$0.6 million attributable to VIE)	3,875,433	2,030,510
Operating lease liability, current portion	5,392,944	5,292,830
Finance lease liability, current portion	25,223	24,433
Deferred franchise revenue, current portion	2,512,359	2,468,601
Deferred revenue from company clinics (\$4.6 million and \$4.7 million attributable to VIE)	6,538,713	7,471,549
Uplift regional developer fees, current portion	383,972	487,230
Other current liabilities	516,249	597,294
Liabilities to be disposed of	2,971,933	—
Total current liabilities	27,674,539	23,217,017
Operating lease liability, net of current portion	17,208,146	18,672,719
Finance lease liability, net of current portion	44,490	63,507
Debt under the Credit Agreement	2,000,000	2,000,000
Deferred franchise revenue, net of current portion	13,980,758	14,161,134
Uplift regional developer fees, net of current portion	1,099,718	1,300,278
Other liabilities (\$1.3 million and \$1.3 million attributable to VIE)	1,287,880	1,287,879
Total liabilities	63,287,531	60,902,534
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Series A preferred stock, \$0.001 per value; 50,000 shares authorized, 0 issued and outstanding, as of September 30, 2023 and December 31, 2022	—	—

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Common stock, \$0.001 par value; 20,000,000 shares authorized, 14,786,411 shares issued and 14,754,287 shares outstanding as of September 30, 2023 and 14,560,353 shares issued and 14,528,487 outstanding as of December 31, 2022	14,786	14,560
Additional paid-in capital	46,969,761	45,558,205
Treasury stock 32,134 shares as of September 30, 2023 and 31,866 shares as of December 31, 2022, at cost	(660,474)	(816,642)
Accumulated deficit	(10,863,978)	(12,153,380)
Total The Joint Corp. stockholders' equity	35,561,095	32,562,843
Non-controlling interest	23,000	23,000
Total equity	35,584,095	32,585,843
Total liabilities and stockholders' equity	\$ 98,572,626	\$ 93,499,377

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONDENSED CONSOLIDATED INCOME STATEMENTS
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)		(in millions)	
Revenues:				
Revenues from company-owned or managed clinics	\$ 17,882,303	\$ 15,836,327	\$ 52,813,098	\$ 42,936,298
Royalty fees	7,143,791	6,604,653	21,181,973	19,024,799
Franchise fees	754,029	642,405	2,179,822	1,970,256
Advertising fund revenue	2,050,106	1,881,367	6,043,563	5,417,840
Software fees	1,301,577	1,109,753	3,746,394	3,166,732
Other revenues	342,143	375,314	1,117,103	1,058,008
Total revenues	<u>29,473,949</u>	<u>26,449,819</u>	<u>87,081,953</u>	<u>73,573,933</u>
Cost of revenues:				
Franchise and regional development cost of revenues	2,228,689	1,988,764	6,605,964	5,694,723
IT cost of revenues	375,411	348,331	1,068,332	1,010,446
Total cost of revenues	<u>2,604,100</u>	<u>2,337,095</u>	<u>7,674,296</u>	<u>6,705,169</u>
Selling and marketing expenses	4,301,017	3,539,287	13,169,079	10,666,500
Depreciation and amortization	2,349,206	1,779,924	6,893,529	4,578,450
General and administrative expenses	20,212,750	17,796,806	60,156,022	51,900,533
Total selling, general and administrative expenses	<u>26,862,973</u>	<u>23,116,017</u>	<u>80,218,630</u>	<u>67,145,483</u>
Net loss on disposition or impairment	904,923	264,391	1,114,738	360,140
Income (loss) from operations	(898,047)	732,316	(1,925,711)	(836,859)
Other income (expense), net	(6,244)	(25,235)	3,708,399	(60,668)
Income (loss) before income tax (benefit) expense	(904,291)	707,081	1,782,688	(697,527)
Income tax (benefit) expense	(168,018)	(24,015)	493,286	(560,976)
Net (loss) income	<u>\$ (716,273)</u>	<u>\$ 731,096</u>	<u>\$ 1,289,402</u>	<u>\$ (136,551)</u>
Earnings per share:				
Basic earnings (loss) per share	\$ (0.05)	\$ 0.05	\$ 0.09	\$ (0.01)
Diluted earnings (loss) per share	\$ (0.05)	\$ 0.05	\$ 0.09	\$ (0.01)
Basic weighted average shares	14,790,663	14,512,856	14,666,222	14,474,323
Diluted weighted average shares	15,013,953	14,829,629	14,931,474	15,119,264

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited)

	Common Stock		Additional Paid In Capital	Treasury Stock		Accumulated Deficit	Total The Joint Corp. stockholders' equity	Non- controlling interest	Total
	Shares	Amount		Shares	Amount				
Balance, December 31, 2022, as revised	14,560,351	\$ 14,560	\$ 45,558,305	31,866	\$ (856,647)	\$ (7,153,300)	\$ 37,562,843	\$ 25,000	\$ 37,587,843
Stock-based compensation expense	—	—	766,710	—	—	—	766,710	—	766,710
Issuance of restricted stock	95,388	95	(95)	—	—	—	—	—	—
Exercise of stock options	15,671	16	(18,441)	—	—	—	138,457	—	138,457
Purchases of treasury stock under employee stock plans	—	—	—	188	(2,637)	—	(2,637)	—	(2,637)
Net income	—	—	—	—	—	2,326,164	2,326,164	—	2,326,164
Balance, March 31, 2023, as revised (unaudited)	14,671,340	\$ 14,671	\$ 45,962,861	32,055	\$ (859,279)	\$ (4,827,216)	\$ 35,291,037	\$ 25,000	\$ 35,316,037
Stock-based compensation expense	—	—	417,607	—	—	—	417,607	—	417,607
Issuance of restricted stock	91,158	91	(91)	—	—	—	—	—	—
Exercise of stock options	10,002	10	(13,519)	—	—	—	63,929	—	63,929
Net loss	—	—	—	—	—	(130,409)	(130,409)	—	(130,409)
Balance, June 30, 2023 (unaudited)	14,772,520	\$ 14,772	\$ 46,443,306	32,055	\$ (859,279)	\$ (1,014,705)	\$ 35,451,494	\$ 25,000	\$ 35,476,494
Stock-based compensation expense	—	—	526,069	—	—	—	526,069	—	526,069
Issuance of restricted stock	13,891	14	(14)	—	—	—	—	—	—
Exercise of stock options	—	—	—	—	—	—	—	—	—
Purchases of treasury stock under employee stock plans	—	—	—	89	(1,195)	—	(1,195)	—	(1,195)
Net loss	—	—	—	—	—	(716,273)	(716,273)	—	(716,273)
Balance, September 30, 2023 (unaudited)	14,786,411	\$ 14,786	\$ 46,969,261	32,134	\$ (860,474)	\$ (1,584,978)	\$ 35,266,095	\$ 25,000	\$ 35,291,095

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	Common Stock		Additional Paid in Capital	Treasury Stock		Accumulated Deficit (as restated)	Total The Joint Corp. stockholders' equity (as restated)	Non-controlling interest	Total (as restated)
	Shares	Amount		Shares	Amount				
Balances, December 31, 2021, as restated	14,451,255	\$ 14,450	\$ 43,999,157	31,643	\$ (850,408)	\$ (12,780,085)	\$ 30,293,684	\$ 25,000	\$ 30,318,684
Stock-based compensation expense	—	—	323,556	—	—	—	323,556	—	323,556
Issuance of restricted stock	36,722	37	(37)	—	—	—	—	—	—
Exercise of stock options	4,972	5	49,618	—	—	—	49,673	—	49,673
Purchases of treasury stock under employee stock plans	—	—	—	74	(2,598)	—	(2,598)	—	(2,598)
Net income	—	—	—	—	—	4,720	4,720	—	4,720
Balances, March 31, 2022, as restated (unaudited)	14,493,048	\$ 14,492	\$ 44,273,294	31,717	\$ (853,436)	\$ (12,775,365)	\$ 30,658,485	\$ 25,000	\$ 30,683,485
Stock-based compensation expense	—	—	340,191	—	—	—	340,191	—	340,191
Issuance of restricted stock	28,758	29	(29)	—	—	—	—	—	—
Exercise of stock options	4,610	5	64,045	—	—	—	64,050	—	64,050
Net loss	—	—	—	—	—	(871,867)	(871,867)	—	(871,867)
Balances, June 30, 2022, as restated (unaudited)	14,526,817	\$ 14,526	\$ 44,677,501	31,717	\$ (853,436)	\$ (13,647,332)	\$ 30,190,859	\$ 25,000	\$ 30,215,859
Stock-based compensation expense	—	—	305,815	—	—	—	305,815	—	305,815
Issuance of restricted stock	2,845	3	(3)	—	—	—	—	—	—
Exercise of stock options	12,293	32	248,324	—	—	—	248,356	—	248,356
Purchases of treasury stock under employee stock plans	—	—	—	149	(3,296)	—	(3,296)	—	(3,296)
Change in redemption value of non-controlling interest	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	731,096	731,096	—	731,096
Balances, September 30, 2022, as restated (unaudited)	14,561,545	\$ 14,561	\$ 45,231,637	31,866	\$ (856,647)	\$ (12,916,236)	\$ 31,472,870	\$ 25,000	\$ 31,497,870

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended September 30,	
	2023	2022 (in stated)
Cash flows from operating activities:		
Net income (loss)	\$ 1,289,402	\$ (136,551)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	6,893,529	4,578,450
Net loss on disposition or impairment	1,114,738	260,348
Net franchise fees recognized upon termination of franchise agreements	(179,720)	(35,218)
Deferred income taxes	187,062	(961,739)
Stock-based compensation expense	1,209,286	969,562
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	238,145	(244,236)
Prepaid expenses and other current assets	(594,203)	(459,702)
Deferred franchise costs	166,078	(188,618)
Deposits and other assets	(15,377)	(153,630)
Accounts payable	(1,244,767)	50,792
Accrued expenses	1,279,949	(571,447)
Payroll liabilities	1,844,943	(1,118,259)
Deferred revenue	(551,256)	1,161,293
Uplifted regional developer fees	(496,730)	(977,841)
Other liabilities	34,638	728,449
Net cash provided by operating activities	<u>11,294,757</u>	<u>3,032,415</u>
Cash flows from investing activities:		
Acquisition of AZ clinics	—	(6,861,256)
Acquisition of NC clinics	—	(1,195,000)
Acquisition of CA clinics	(1,050,000)	—
Purchase of property and equipment	(3,833,148)	(4,322,673)
Net cash used in investing activities	<u>(4,883,148)</u>	<u>(12,380,929)</u>
Cash flows from financing activities:		
Payments of finance lease obligation	(18,227)	(43,907)
Purchases of treasury stock under employee stock plans	(3,832)	(5,894)
Proceeds from exercise of stock options	202,386	262,829
Repayment of debt under the Paycheck Protection Program	—	—
Net cash provided by financing activities	<u>180,327</u>	<u>312,318</u>
Increase (decrease) in cash, cash equivalents and restricted cash	6,591,936	(8,944,196)
Cash, cash equivalents and restricted cash, beginning of period	10,550,417	19,912,338
Cash, cash equivalents and restricted cash, end of period	<u>\$ 17,142,353</u>	<u>\$ 10,968,142</u>
	September 30,	September 30,
	2023	2022
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 16,030,137	\$ 10,272,112
Restricted cash	1,092,216	696,030
	<u>\$ 17,142,353</u>	<u>\$ 10,968,142</u>

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Supplemental cash flow disclosures:

The following table represents supplemental cash flow disclosures and non-cash investing and financing activities:

	Nine Months Ended September 30,	
	2023	2022
Net cash paid for:		
Interest	\$ 163,334	\$ 43,938
Income taxes	\$ 468,289	\$ 69,274
Non-cash investing and financing activity:		
Unpaid purchases of property and equipment	\$ 155,140	\$ 225,967
Non-cash investment in acquisition of franchised clinics	\$ 28,997	\$ 115,372

The accompanying notes are an integral part of these condensed consolidated financial statements.

~~The Joint Corp. 10-K/A Annual Report, Item 8
Financial Statements and Supplementary Data
For the Fiscal Years Ended
December 31, 2022 and 2021~~

[Table of Contents](#)**Report of Independent Registered Public Accounting Firm**

Shareholders and Board of Directors
The Joint Corp.
Scottsdale, Arizona

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Joint Corp. (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Restatement of Consolidated Financial Statements

As discussed in Note 2 to the consolidated financial statements, the 2022 and 2021 financial statements have been restated to correct misstatements.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue growth rate utilized in the determination of the fair value of acquired member relationships and reacquired franchise rights for certain acquisitions

As described in Note 4 of the consolidated financial statements, the Company acquired certain clinics during the current year. As a result of the acquisitions, management was required to determine the estimated fair values of assets acquired and liabilities assumed, including certain identifiable intangible assets. Management utilized third-party valuation specialists to assist in the preparation of the valuation of certain identifiable intangible assets. Management exercised judgment to develop and select revenue growth rates in the measurement of the fair value of the acquired member relationships and reacquired franchise rights.

We identified the revenue growth rates utilized in the determination of the fair value of acquired member relationships and reacquired franchise rights for certain acquisitions as a critical audit matter. The principal considerations for our determination

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included the subjectivity and judgment required to determine the revenue growth rates used in the fair value measurement of acquired member relationships and reacquired franchise rights for certain acquisitions. Auditing these revenue growth rates involved especially subjective auditor judgment due to the nature and extent of audit effort required.

The primary procedures we performed to address this critical audit matter included:

Evaluating the reasonableness of the revenue growth rates by (i) reviewing the historical performance of the Company using its audited financial statements, (ii) assessing revenue projections against industry metrics, and (iii) comparing the actual post-acquisition net revenue to the forecast revenue.

/s/ EDO USA, P.C.

We have served as the Company's auditor since 2021.
Phoenix, Arizona

March 10, 2023, except for the effects of the restatement discussed in Note 2, as to which the date is September 26, 2023

THE JOINT CORP.

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CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,745,066	\$ 19,526,119
Restricted cash	805,351	386,219
Accounts receivable	3,911,272	3,700,810
Deferred franchise and regional development costs, current portion	1,054,060	994,587
Prepaid expenses and other current assets	2,098,359	2,281,765
Total current assets	17,614,108	26,889,500
Property and equipment, net	17,475,152	14,388,946
Operating lease right-of-use asset	20,587,199	18,425,914
Deferred franchise and regional development costs, net of current portion	5,707,678	5,505,420
Intangible assets, net	10,928,295	4,712,763
Goodwill	8,493,407	5,085,203
Deferred tax assets	11,928,152	11,486,799
Deposits and other assets	756,386	567,202
Total assets	<u>\$ 93,490,377</u>	<u>\$ 87,061,747</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,966,589	\$ 1,705,568
Accrued expenses	1,069,610	1,809,460
Co-op funds liability	805,351	386,219
Payroll liabilities (\$0.6 million and \$0.4 million attributable to VIEs as of December 31, 2022 and 2021)	2,030,510	3,906,317
Operating lease liability, current portion	5,295,830	4,613,843
Finance lease liability, current portion	24,433	49,855
Deferred franchise fee revenue, current portion	2,468,601	2,421,721
Deferred revenue from company clinics (\$4.7 million and \$3.5 million attributable to VIEs as of December 31, 2022 and 2021)	7,471,549	5,235,745
Upfront regional developer fees, current portion	487,250	770,171
Other current liabilities	597,294	539,500
Total current liabilities	23,217,017	21,438,399
Operating lease liability, net of current portion	18,672,719	16,872,093
Finance lease liability, net of current portion	63,507	87,939
Debt under the Credit Agreement	2,000,000	2,000,000
Deferred franchise fee revenue, net of current portion	14,161,134	12,953,430
Upfront regional developer fees, net of current portion	1,500,278	2,505,491
Other liabilities	1,287,879	895,711
Total liabilities	60,902,534	56,753,063
Commitments and contingencies (note 11)		
Stockholders' equity:		
Series A preferred stock, \$0.001 par value, 50,000 shares authorized, 0 issued and outstanding, as of December 31, 2022 and 2021	—	—
Common stock, \$0.001 par value, 20,000,000 shares authorized, 14,560,353 shares issued and 14,528,487 shares outstanding as of December 31, 2022 and 14,451,355 shares issued and 14,419,712 outstanding as of December 31, 2021	14,560	14,450
Additional paid-in capital	45,558,305	43,900,157
Treasury stock 31,866 shares as of December 31, 2022 and 31,643 shares as of December 31, 2021, at cost	(856,642)	(850,838)
Accumulated deficit	(12,153,380)	(12,780,085)
Total The Joint Corp. stockholders' equity	32,562,843	30,283,684
Non-controlling interest	25,000	25,000
Total equity	32,587,843	30,308,684
Total liabilities and stockholders' equity	<u>\$ 93,490,377</u>	<u>\$ 87,061,747</u>

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See notes to consolidated financial statements.

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**THE JOINT CORP.
CONSOLIDATED INCOME STATEMENTS**

	Year Ended December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Revenues:		
Revenues from company-owned or managed clinics	\$ 59,422,294	\$ 44,348,234
Royalty fees	26,190,531	22,062,989
Franchise fees	2,441,325	2,659,097
Advertising fund revenue	7,456,696	6,298,924
Software fees	4,290,739	3,383,856
Other revenues	1,450,725	1,257,913
Total revenues	101,252,310	80,011,013
Cost of revenues:		
Franchise and regional developer cost of revenues	7,803,404	6,559,486
IT cost of revenues	1,367,659	1,105,652
Total cost of revenues	9,171,063	7,665,138
Selling and marketing expenses	13,962,709	11,424,416
Depreciation and amortization	6,646,622	3,921,887
General and administrative expenses	70,233,447	50,846,818
Total selling, general and administrative expenses	90,842,778	66,193,121
Net loss on disposition or impairment	410,215	26,789
Income from operations	828,254	6,125,965
Other expense, net	(133,101)	(69,878)
Income before income tax expense (benefit)	695,153	6,056,087
Income tax expense (benefit)	68,488	(1,508,960)
Net income	\$ 626,705	\$ 7,565,047
Earnings per share:		
Basic earnings per share	\$ 0.04	\$ 0.53
Diluted earnings per share	\$ 0.04	\$ 0.51
Basic weighted average shares	14,488,314	14,319,448
Diluted weighted average shares	14,868,093	14,935,577

See notes to consolidated financial statements.

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THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock			Treasury Stock			Total The Joint Corp. stockholder's equity <i>(As Restated)</i>	Non-controlling Interest	Total <i>(As Restated)</i>
	Shares	Amount	Additional Paid in Capital	Shares	Amount	Accumulated Deficit <i>(As Restated)</i>			
Balances, December 31, 2020 (as restated)	14,174,237	14,174	41,350,001	17,367	(143,111)	(20,345,132)	20,875,932	100	20,876,032
Stock-based compensation expense	—	—	1,056,015	—	—	—	1,056,015	—	1,056,015
Issuance of restricted stock	17,074	17	(17)	—	—	—	—	—	—
Exercise of stock options	200,044	259	1,519,058	—	—	—	1,519,317	—	1,519,317
Purchases of treasury stock under employee stock plans	—	—	—	14,476	(707,727)	—	(707,727)	—	(707,727)
Change in non-controlling interest	—	—	(24,900)	—	—	—	(24,900)	24,900	—
Net income (as restated)	—	—	—	—	—	7,565,047	7,565,047	—	7,565,047
Balances, December 31, 2021 (as restated)	14,451,355	14,450	43,900,157	31,643	(850,338)	(12,780,085)	30,283,684	25,000	30,308,684
Stock-based compensation expense	—	—	1,273,989	—	—	—	1,273,989	—	1,273,989
Issuance of restricted stock	65,618	66	(66)	—	—	—	—	—	—
Exercise of stock options	43,300	44	384,225	—	—	—	384,269	—	384,269
Purchases of treasury stock under employee stock plans	—	—	—	223	(5,804)	—	(5,804)	—	(5,804)
Net income (as restated)	—	—	—	—	—	626,705	626,705	—	626,705
Balances, December 31, 2022 (as restated)	<u>14,560,353</u>	<u>\$ 14,560</u>	<u>\$45,558,305</u>	<u>31,866</u>	<u>\$856,642</u>	<u>\$(12,153,380)</u>	<u>\$ 32,562,843</u>	<u>\$ 25,000</u>	<u>\$32,587,843</u>

See notes to consolidated financial statements.

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THEJOINT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Cash flows from operating activities:		
Net (loss) income	\$ 626,705	\$ 7,565,047
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	6,646,622	3,921,887
Net loss on disposition or impairment (non-cash portion)	410,215	125,237
Net franchise fees recognized upon termination of franchise agreements	(68,537)	(133,007)
Deferred income taxes	(441,353)	(1,778,157)
Stock based compensation expense	1,273,989	1,056,015
Changes in operating assets and liabilities:		
Accounts receivable	(154,672)	(1,637,589)
Prepaid expenses and other current assets	183,406	(715,740)
Deferred franchise costs	(351,151)	(1,418,235)
Deposits and other assets	(189,184)	(148,516)
Accounts payable	818,265	(14,373)
Accrued expenses	(1,170,070)	886,738
Payroll liabilities	(1,875,807)	1,130,281
Upfront regional developer fees	(1,288,134)	(572,944)
Deferred revenue	2,880,139	4,162,209
Other liabilities	900,151	1,415,227
Net cash provided by operating activities	<u>8,209,584</u>	<u>13,844,080</u>
Cash flows from investing activities:		
Acquisition of AZ clinics	(6,966,923)	(1,925,000)
Acquisition of NC clinics	(3,289,312)	(3,840,135)
Acquisition of CA clinics	(1,890,000)	—
Proceeds from sale of clinics	105,200	—
Purchase of property and equipment	(5,899,080)	(6,989,534)
Net cash used in investing activities	<u>(17,900,115)</u>	<u>(12,754,669)</u>
Cash flows from financing activities:		
Payments of finance lease obligation	(49,855)	(80,322)
Purchases of treasury stock under employee stock plans	(5,804)	(707,727)
Proceeds from exercise of stock options	384,269	1,519,317
Repayment of debt under the Paycheck Protection Program	—	(2,727,970)
Net cash provided by (used in) financing activities	<u>328,610</u>	<u>(1,996,702)</u>
Decrease in cash	(9,361,921)	(907,291)
Cash, cash equivalents and restricted cash, beginning of period	19,912,338	20,819,629
Cash, cash equivalents and restricted cash, end of period	<u>\$ 10,550,417</u>	<u>\$ 19,912,338</u>
	December 31,	December 31,
	2022	2021
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 9,745,066	\$ 19,526,119
Restricted cash	805,351	386,219
	<u>\$ 10,550,417</u>	<u>\$ 19,912,338</u>

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During the years ended December 31, 2022 and 2021, cash refunded for income taxes was \$369,481 and cash paid for income taxes was \$566,808, respectively. During the years ended December 31, 2022 and 2021, cash paid for interest was \$71,255 and \$69,273, respectively.

See notes to consolidated financial statements.

Supplemental disclosure of non-cash activity:

As of December 31, 2022, accounts payable and accrued expenses included property and equipment purchases of \$442,756 and \$133,969, respectively. As of December 31, 2021, accounts payable and accrued expenses included property and equipment purchases of \$198,293 and \$152,501, respectively.

In connection with the acquisitions during the years ended December 31, 2022 and December 31, 2021, net deferred revenue of \$200,371 and \$134,539, respectively, relating to unrecognized net franchise fees collected upon the execution of the franchise agreements reduced the purchase price of the acquisitions.

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THE JOINT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations and Summary of Significant Accounting Policies**Basis of Presentation**

These financial statements represent the consolidated financial statements of The Joint Corp. ("The Joint"), which includes its variable interest entities ("VIEs"), and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the "Company"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses, other (expenses) income, and income taxes that are reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates. For a discussion of significant estimates and judgments made in recognizing revenue, accounting for leases, and accounting for income taxes, see Note 3, "Revenue Disclosures", Note 10, "Income Taxes", and Note 11, "Commitments and Contingencies".

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC, which was dormant for all periods presented. The Company consolidates VIEs in which the Company is the primary beneficiary in accordance with Accounting Standards Codification 810, Consolidations ("ASC 810"). Non-controlling interests represent third-party equity ownership interests in VIEs. All significant inter-affiliate accounts and transactions between The Joint and its VIEs have been eliminated in consolidation.

Comprehensive Income

Net income and comprehensive income are the same for the years ended December 31, 2022 and 2021.

Nature of Operations

The Joint Corp., a Delaware corporation, was formed on March 10, 2010 for the principal purpose of franchising, developing, selling regional developer rights, supporting the operations of franchised chiropractic clinics, and operating and managing corporate chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The following table summarizes the number of clinics in operation under franchise agreements and as company-owned or managed for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Franchised clinics:		
Clinics open at beginning of period	610	515
Opened during the period	121	130
Acquired during the period	2	—
Sold during the period	(16)	(12)
Closed during the period	(5)	(3)
Clinics in operation at the end of the period	712	630

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	Year Ended December 31,	
	2022	2021
Company-owned or managed clinics:		
Clinics open at beginning of period	96	64
Opened during the period	16	20
Acquired during the period	16	12
Sold during the period	(2)	—
Closed during the period	—	—
Clinics in operation at the end of the period	126	96
Total clinics in operation at the end of the period	838	706
Clinic licenses sold but not yet developed	197	245
Executed letters of intent for future clinic licenses	38	38

Variable Interest Entities

Certain states prohibit the "corporate practice of chiropractic," which restricts business corporations from practicing chiropractic care by exercising control over clinical decisions by chiropractic doctors. In states which prohibit the corporate practice of chiropractic, the Company typically enters into long-term management services agreements ("MSAs") with professional corporations ("PCs") that are owned by licensed chiropractic doctors, which, in turn, employ or contract with doctors who provide professional chiropractic care in its clinics. Under these management agreements with PCs, the Company provides, on an exclusive basis, all non-clinical services of the chiropractic practice. The Company has entered into such management agreements with three PCs, including one in Kansas, in connection with the opening of company-managed clinics in August 2022. An entity deemed to be the primary beneficiary of a VIE is required to consolidate the VIE in its financial statements. An entity is deemed to be the primary beneficiary of a VIE if it has both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb the majority of losses of the VIE or the right to receive the majority of benefits from the VIE. In accordance with relevant accounting guidance, these PCs were determined to be VIEs. Such PCs are VIEs, as fees paid by the PCs to the Company as its management service provider are considered variable interests because the fees do not meet all the following criteria: 1) The fees are compensation for services provided and are commensurate with the level of effort required to provide those services; 2) The decision maker or service provider does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIE's expected losses or receive more than an insignificant amount of the VIE's expected residual returns; 3) The service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length. Additionally, the Company has determined that it has the ability to direct the activities that most significantly impact the performance of these PCs and have an obligation to absorb losses or receive benefits which could potentially be significant to the PCs. Accordingly, the PCs are variable interest entities for which the Company is the primary beneficiary and are consolidated by the Company.

The revenues of VIEs represent the revenues of Company-managed clinics in states that prohibit the corporate practice of chiropractic. The Company's involvement with VIEs affects its financial performance and cash flows primarily through amounts recorded in Revenues from company-owned or managed clinics and General and administrative expenses, which are principally comprised of payroll and related expenses. The management fees/income provided by the MSAs are considered intercompany transactions and therefore eliminated upon consolidation of VIEs.

The VIEs' total revenue and payroll and related expenses for the year ended December 31, 2022 were \$34.8 million and \$14.0 million, respectively. The VIEs' total revenue and payroll and related expenses for the year ended December 31, 2021 were \$28.6 million and \$8.5 million, respectively.

The VIEs' deferred revenue liability balance for amounts collected in advance for membership and wellness packages was \$4.7 million and \$3.5 million as of December 31, 2022 and December 31, 2021, respectively. The VIEs' payroll liability balance as of December 31, 2022 and December 31, 2021 was \$0.6 million and \$0.4 million, respectively. The carrying amount of the other VIEs' assets and liabilities was immaterial as of December 31, 2022 and December 31, 2021.

[Table of Contents](#)**Cash and Cash Equivalents**

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the period, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company has invested substantially all its cash in short-term bank deposits. The Company had no cash equivalents as of December 31, 2022 and 2021.

Restricted Cash

Restricted cash relates to cash that franchisees and company-owned or managed clinics contribute to the Company's National Marketing Fund and cash that franchisees provide to various voluntary regional Co-Op Marketing Funds. Cash contributed by franchisees to the National Marketing Fund is to be used in accordance with the Company's Franchise Disclosure Document with a focus on regional and national marketing and advertising. While such cash balance is not legally segregated and restricted as to withdrawal or usage, the Company's accounting policy is to classify these funds as restricted cash.

Accounts Receivable

Accounts receivable primarily represent amounts due from franchisees for royalty and software fees. The Company records an allowance for credit losses as a reduction to its accounts receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectability based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2022, and 2021, the Company had no allowance for credit losses on accounts receivable.

Deferred Franchise Costs and Regional Development Costs

Deferred franchise and regional development costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise license or regional development rights. These costs are recognized as an expense, in franchise and regional development cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise or regional developer agreement.

Property and Equipment

Property and equipment are stated at cost or for property acquired as part of franchise acquisitions at fair value at the date of closing. Depreciation is computed using the straight-line method over estimated useful lives, which is generally three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred, major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Capitalized Software

The Company capitalizes certain software development cost, including costs to implement cloud computing arrangements that is a service contract. These capitalized costs are primarily related to software used by clinics for operations and by the Company for the management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Software developed is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life, which is generally three to five years. Implementation costs incurred in connection with a cloud computing arrangement that is a service contract are included in prepaid expenses in the Company's consolidated balance sheets.

Leases

The Company leases property and equipment under operating and finance leases. The Company leases its corporate office space and the space for each of the company-owned or managed clinic in the portfolio. The Company recognizes a right-of-use

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("ROU") asset and lease liability for all leases. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the right-of-use asset and lease liability. When available, the Company uses the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of its leases. In such cases, the Company estimates its incremental borrowing rate as the interest rate it would pay to borrow an amount equal to the lease payments over a similar term, with similar collateral as in the lease, and in a similar economic environment. The Company estimates these rates using available evidence such as rates imposed by third-party lenders to the Company in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to the Company's estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, the Company recognizes lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. Pre-opening costs are recorded as incurred in general and administrative expenses. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred and are also included in general and administrative expenses on the consolidated income statements.

Intangible Assets

Intangible assets consist primarily of re-acquired franchise rights and customer relationships. The Company amortizes the fair value of re-acquired franchise rights over the remaining contractual term of the re-acquired franchise rights at the time of the acquisition, which generally range from one to nine years. The fair value of customer relationships is amortized over their estimated useful life of two to four years.

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired in the acquisitions of franchises. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are tested for impairment annually and more frequently if a triggering event occurs that makes it more likely than not that the fair value of a reporting unit is below carrying value. As required, the Company performs an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if a triggering event occurs. No impairments of goodwill were recorded for the years ended December 31, 2022 and 2021.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. During the year ended December 31, 2022, an operating lease ROU asset related to a closed clinic with a total carrying amount of approximately \$250,000 was written down to zero. As a result, the Company recorded a noncash impairment loss of approximately \$250,000 during the year ended December 31, 2022. During the year ended December 31, 2021, certain operating lease right-of-use assets related to closed clinics with a total carrying amount of \$0.5 million were written down to their fair value of \$0.4 million. As a result, the Company recorded a noncash impairment loss of approximately \$0.1 million during the year ended December 31, 2021.

In connection with the sale of two company-managed clinics to franchisees, the Company reclassified \$288,192 of property and equipment and \$359,807 of ROU assets to Assets held for sale and reclassified \$428,593 of ROU liability and \$54,351 of deferred revenue from company clinics to Liabilities to be disposed of in the consolidated balance sheet as of June 30, 2022. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. As a result, the Company recorded a valuation allowance of \$79,400 to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2022. One of the two clinics was sold during August 2022, and the second clinic was sold in October 2022.

Advertising Fund

The Company has established an advertising fund for national or regional marketing and advertising of services offered by its clinics. The monthly marketing fee is 2% of clinic sales. The Company segregates the marketing funds collected which are

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included in restricted cash on its consolidated balance sheets. As amounts are expended from the fund, the Company recognizes a related expense. Such costs are included in selling and marketing expenses on the consolidated income statements.

Co-Op Marketing Funds

Some franchisees have established regional Co-Ops for advertising within their local and regional markets. The Company maintains a custodial relationship under which the Co-Op Marketing Funds collected are segregated and used for the purposes specified by the Co-Ops' officers. The Co-Op Marketing Funds are included in restricted cash on the Company's consolidated balance sheets.

Revenue Recognition

The Company generates revenue primarily through its company-owned and managed clinics and through royalties, franchise fees, advertising fund contributions, IT related income and computer software fees from its franchisees.

Revenues from Company-Owned or Managed Clinics. The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed. Any unused visits associated with monthly memberships are recognized on a month-to-month basis. The Company recognizes a contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which the Company has an ongoing performance obligation. The Company derecognizes this contract liability, and recognizes revenue, as the patient consumes his or her visits related to the package and the Company transfers its services. If the Company determines that it is not subject to unclaimed property laws for the portion of wellness package that it does not expect to be redeemed (referred to as "breakage") then it recognizes breakage revenue in proportion to the pattern of exercised rights by the patient.

Royalties and Advertising Fund Revenue. The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing and advertising fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of clinic sales over the term of the franchise agreement. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which generally requires a reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price). As the franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement, such sales-based royalties are recognized as franchisee clinic level sales occur. Royalties are collected semi-monthly, two working days after each sales period has ended.

Franchise Fees. The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of ten years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff, site selection, construction/vendor management and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Renewal franchise fees, as well as transfer fees, are also recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Software Fees. The Company collects a monthly fee from its franchisees for use of its proprietary chiropractic software, computer support, and internet services support. These fees are recognized ratably on a straight-line basis over the term of the respective franchise agreement.

Capitalized Sales Commissions. Sales commissions earned by the regional developers and the Company's sales force are considered incremental and recoverable costs of obtaining a franchise agreement with a franchisee. These costs are deferred and then amortized as the respective franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement.

Upfront Regional Developer Rights Fees (as restated)

The Company has a regional developer program where regional developers are granted an exclusive geographical territory and commit to a minimum development obligation within that defined territory. Upon granting of the exclusive rights to develop a territory, a regional developer will pay an upfront fee to the Company. Upfront regional developer fees represent consideration received from a vendor to act as the Company's agent within an exclusive territory. The upfront regional developer rights fee is

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accounted for as a reduction of cost of revenues, in franchise and regional development cost of revenues, to offset the respective future commissions paid to the regional developer. The fees are ratably recognized over the term of the related regional developer agreement.

Regional developers receive fees which are funded by the initial franchise fees collected from franchisees upon the sale of franchises within their exclusive geographical territory and a royalty of 3% of sales generated by franchised clinics in their exclusive geographical territory. Initial fees related to the sale of franchises within their exclusive geographical territory are initially deferred as deferred franchise costs and are recognized as an expense in franchise cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise agreement. Royalties of 3% of sales generated by franchised clinics in their regions are also recognized as franchise cost of revenues as franchisee clinic level sales occur. This 3% fee is funded by the 7% royalties we collect from the franchisees in their regions. Certain regional developer agreements result in the regional developer acquiring the rights to existing royalty streams from clinics already open in the respective territory. In those instances, fees collected from the sale of the royalty streams is recognized as a decrease to franchise and regional developer cost of revenues over the remaining life of the respective franchise agreements.

Regional Developer Rights Contract Termination Costs (as restated)

From time to time, subject to the Company's strategy, regional developer rights are reacquired by the Company, resulting in a termination of the contract. The termination costs to reacquire the regional developer rights are recognized at fair value, less any unrecognized upfront regional developer fee liability balance, as a general and administrative expense in the period in which the contract is terminated in accordance with the contract terms and are recorded within general and administrative expenses.

Advertising Costs

Advertising costs are advertising and marketing expenses incurred by the Company, primarily through advertising funds. The Company expenses production costs of commercial advertising upon first airing and expenses the costs of communicating the advertising in the period in which the advertising occurs. Advertising expenses were \$5,163,381 and \$4,116,740, for the years ended December 31, 2022 and 2021, respectively.

Income Taxes (as restated)

Income taxes are accounted for using a balance sheet approach known as the asset and liability method. The asset and liability method accounts for deferred income taxes by applying the statutory tax rates in effect at the date of the consolidated balance sheets to differences between the book basis and the tax basis of assets and liabilities. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Tax positions are reviewed at least quarterly and adjusted as new information becomes available. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These estimates of future taxable income inherently require significant judgment. To the extent it is considered more likely than not that a deferred tax asset will be not recovered, a valuation allowance is established.

The Company accounts for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits and expenses recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company has identified \$1.3 million and \$1.3 million in uncertain tax positions as of December 31, 2022 and 2021, respectively. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2022, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2018 and 2017, respectively.

Earnings per Common Share

Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share is computed by giving effect to all potentially dilutive common shares including restricted stock and stock options.

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	Year Ended December 31,	
	2022	2021
	(As Restated)	(As Restated)
Net income	\$ 626,705	\$ 7,565,047
Weighted average common shares outstanding - basic	14,488,314	14,319,448
Effect of dilutive securities:		
Unvested restricted stock and stock options	379,779	616,129
Weighted average common shares outstanding - diluted	14,868,093	14,935,577
Basic earnings per share	\$ 0.04	\$ 0.53
Diluted earnings per share	\$ 0.04	\$ 0.51

Potentially dilutive securities excluded from the calculation of diluted net income per common share as the effect would be anti-dilutive were as follows:

	Year Ended December 31,	
	2022	2021
Unvested restricted stock	—	58
Stock options	40,349	4,658

Stock-Based Compensation

The Company accounts for share-based payments by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

Retirement Benefit Plan

Employees of the Company are eligible to participate in a defined contribution retirement plan, the Joint Corp. 401(k) Retirement Plan (the "401(k) Plan"), under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, employees may contribute their eligible compensation, not to exceed the annual limits set by the IRS. The 401(k) Plan allows the Company to match participants' contributions in an amount determined at the sole discretion of the Company. The Company matched participants' contributions for the years ended December 31, 2022 and 2021, up to a maximum of 4% of the employee's eligible compensation. Employer contributions totaled \$478,277 and \$346,561, for the years ended December 31, 2022 and 2021, respectively.

Loss Contingencies

ASC Topic 450 governs the disclosure of loss contingencies and accrual of loss contingencies in respect of litigation and other claims. The Company records an accrual for a potential loss when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. When the reasonable estimate of the potential loss is within a range of amounts, the minimum of the range of potential loss is accrued, unless a higher amount within the range is a better estimate than any other amount within the range. Moreover, even if an accrual is not required, the Company provides additional disclosure related to litigation and other claims when it is reasonably possible (i.e., more than remote) that the outcomes of such litigation and other claims include potential material adverse impacts on the Company. Legal costs to be incurred in connection with a loss contingency are expensed as such costs are incurred.

Use of Estimates

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The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to significant estimates and assumptions include loss contingencies, share-based compensations, useful lives and realizability of long-lived assets, deferred revenue and revenue recognition related to breakage, deferred franchise costs, calculation of RCU assets and liabilities related to leases, realizability of deferred tax assets, impairment of goodwill, intangible assets, other long-lived assets, and purchase price allocations and related valuations.

Recently Adopted Accounting Guidance and Accounting Pronouncements Not Yet Adopted

None.

Note 2: Restatement of Previously Issued Annual Consolidated Financial Statements for the Fiscal Years Ended December 31, 2022 and December 31, 2021

Subsequent to the issuance of the Company's consolidated financial statements as of and for the year ended December 31, 2022, included in the Form 10-K filed with the SEC on March 10, 2023, the following errors were identified:

- The Company has historically recorded the re-acquired Regional Developer Rights as an intangible asset and amortized the re-acquired Regional Developer Rights over the contractual terms under the RDAgreement remaining at the time of the re-acquisition. The Company has concluded that this treatment was incorrect in accordance with U.S. GAAP. The Company should not have capitalized the re-acquired Regional Developer Rights but instead should have recognized the full cost of the re-acquisition as an expense in the respective period.
- The Company has historically recorded the upfront fee paid by the regional developer as a deferred liability, which was then recognized ratably to revenue as the regional developer performed various service obligations. However, the Company concluded that the deferred liability should be ratably recognized against cost of revenue as an offset against future commissions instead of revenue.
- The Company has historically charged the VIEs a management fee for the benefit of the Company providing non-clinical administrative services needed by the professional corporation chiropractic practice. The economic compensation or profitability resulting from an intercompany transaction between two or more parties is based on each party's relative contribution to the economic activity under analysis. The standalone professional corporations have not historically been profitable from an income tax perspective and are fully valuing their deferred tax assets and related attributes for ASC 740 purposes. The professional corporations' earned annual losses were not consistent with their function, risk, and asset profile for transfer pricing. As such, the Company has estimated transfer pricing adjustments which were computed based on assumed targets of profitability. The resulting operating profit, after incorporating estimated transfer pricing adjustments, were further used as a means for computing overall potential tax exposure and correlative benefit.

The Company assessed the impact of these errors on its previously issued financial statements and determined them to be quantitatively and qualitatively material to 2022 and 2021 based on its analysis of Staff Accounting Bulletin ("SAB") No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". These errors have been corrected in the accompanying consolidated balance sheets as of December 31, 2022 and 2021 and the consolidated income statements, statements of changes in stockholders' equity, and statements of cash flows for the years then ended.

The following table summarizes the effect of the errors on the Company's consolidated balance sheet as of December 31, 2022:

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	December 31, 2022		December 31, 2022	
	As Previously Reported	Adjustments	As Restated	
Intangible assets, net	\$ 12,867,529	\$ (1,939,234)	\$ 10,928,295	
Deferred tax assets	8,441,713	3,486,439	11,928,152	
Total assets	91,943,172	1,547,205	93,490,377	
Current liabilities:				
Deferred franchise and regional development fee revenue, current portion	2,955,851	(2,955,851)	—	
Deferred franchise fee revenue, current portion	—	2,468,601	2,468,601	
Upfront regional developer fees, current portion	—	487,250	487,250	
Other current liabilities	499,250	98,044	597,294	
Total current liabilities	23,118,973	98,044	23,217,017	
Deferred franchise and regional development fee revenue, net of current portion	15,661,412	(15,661,412)	—	
Deferred franchise fee revenue, net of current portion	—	14,161,134	14,161,134	
Upfront regional developer fees, net of current portion	—	1,500,278	1,500,278	
Other liabilities	27,230	1,260,649	1,287,879	
Total liabilities	59,543,841	1,358,693	60,902,534	
Accumulated deficit	(12,341,892)	188,512	(12,153,380)	
Total The Joint Corp. stockholders' equity	32,374,331	188,512	32,562,843	
Total equity	32,399,331	188,512	32,587,843	
Total liabilities and stockholders' equity	91,943,172	1,547,205	93,490,377	

The following table summarizes the effect of the errors on the Company's consolidated income statement for the year ended December 31, 2022:

	Year Ended December 31, 2022		Year Ended December 31, 2022	
	As Previously Reported	Adjustments	As Restated	
Revenues:				
Regional developer fees	\$ 659,099	\$ (659,099)	\$ —	
Total revenues	101,911,409	(659,099)	101,252,310	
Cost of revenues:				
Franchise and regional developer cost of revenues	8,462,503	(659,099)	7,803,404	
Total cost of revenues	9,830,162	(659,099)	9,171,063	
Depreciation and amortization	7,643,980	(997,358)	6,646,622	
General and administrative expenses	67,987,482	2,245,965	70,233,447	
Total selling, general and administrative expenses	89,594,171	1,248,607	90,842,778	
Income from operations	2,076,861	(1,248,607)	828,254	
Income before income tax expense (benefit)	1,943,760	(1,248,607)	695,153	
Income tax expense (benefit)	766,510	(698,062)	68,448	
Net income	1,177,250	(550,545)	626,705	
Earnings per share:				
Basic earnings per share	\$ 0.08	\$ (0.04)	\$ 0.04	
Diluted earnings per share	\$ 0.08	\$ (0.04)	\$ 0.04	

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity as of December 31, 2022, December 31, 2021, and December 31, 2020:

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	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
12/31/2020 (as previously reported)	(20,094,912)	21,126,152	21,126,252
Adjustment due to cumulative error correction	(250,220)	(250,220)	(250,220)
12/31/2020 (as restated)	(20,345,132)	20,875,932	20,876,032
12/31/2021 (as previously reported)	(13,519,142)	29,544,627	29,569,627
Adjustment due to cumulative error correction	739,057	739,057	739,057
12/31/2021 (as restated)	(12,780,085)	30,283,684	30,308,684
12/31/2022 (as previously reported)	(12,341,892)	32,374,331	32,399,331
Adjustment due to cumulative error correction	188,512	188,512	188,512
12/31/2022 (as restated)	(12,153,380)	32,562,843	32,587,843

The following table summarizes the effect of the errors on the Company's consolidated statement of cash flows for the year ended December 31, 2022:

	Year Ended December 31, 2022	
	As Previously Reported	As Restated
Cash flows from operating activities:		
Net income	\$ 1,177,250	\$ 626,705
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,643,980	6,646,622
Deferred income taxes	746,921	(441,353)
Changes in operating assets and liabilities:		
Upfront regional developer fees	—	(1,288,134)
Deferred revenue	2,230,041	2,880,139
Other liabilities	409,938	900,151
Net cash provided by operating activities	11,084,584	8,209,584
Cash flows from investing activities:		
Reacquisition and termination of regional developer rights	(2,875,000)	—
Net cash used in investing activities	(20,775,115)	(17,900,115)
Decrease in cash	(9,361,921)	(9,361,921)

The following table summarizes the effect of the errors on the Company's consolidated balance sheet as of December 31, 2021:

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	December 31, 2021	Adjustments	December 31, 2021
	As Previously Reported		As Restated
Intangible assets, net	5,403,390	(690,627)	4,712,763
Deferred tax assets	9,188,634	2,298,165	11,486,799
Total assets	85,454,209	1,607,538	87,061,747
Current liabilities:			
Deferred franchise and regional development fee revenue, current portion	3,191,892	(3,191,892)	—
Deferred franchise fee revenue, current portion	—	2,421,721	2,421,721
Upfront regional developer fees, current portion	—	770,171	770,171
Other current liabilities	539,500	—	539,500
Total current liabilities	21,438,399	—	21,438,399
Deferred franchise and regional development fee revenue, net of current portion	15,458,921	(15,458,921)	—
Deferred franchise fee revenue, net of current portion	—	12,953,430	12,953,430
Upfront regional developer fees, net of current portion	—	2,505,491	2,505,491
Other liabilities	27,230	868,481	895,711
Total liabilities	55,884,582	868,481	56,753,063
Accumulated deficit	(13,519,142)	739,057	(12,780,085)
Total The Joint Corp. stockholders' equity	29,544,627	739,057	30,283,684
Total equity	29,569,627	739,057	30,308,684
Total liabilities and stockholders' equity	85,454,209	1,607,538	87,061,747

The following table summarizes the effect of the errors on the Company's consolidated income statement for the year ended December 31, 2021:

	Year Ended December 31, 2021	Adjustments	Year Ended December 31, 2021
	As Previously Reported		As Restated
Revenues:			
Regional developer fees	848,640	(848,640)	—
Total revenues	80,859,653	(848,640)	80,011,013
Cost of revenues:			
Franchise and regional developer cost of revenues	7,408,125	(848,639)	6,559,486
Total cost of revenues	8,513,777	(848,639)	7,665,138
Depreciation and amortization	6,088,947	(2,167,060)	3,921,887
General and administrative expenses	49,453,305	1,393,513	50,846,818
Total selling, general and administrative expenses	66,966,668	(773,547)	66,193,121
Income from operations	5,352,419	773,546	6,125,965
Income before income tax expense (benefit)	5,282,541	773,546	6,056,087
Income tax (benefit)	(1,293,229)	(215,731)	(1,508,960)
Net income	6,575,770	989,277	7,565,047
Earnings per share:			
Basic earnings per share	\$ 0.46	\$ 0.07	\$ 0.53
Diluted earnings per share	\$ 0.44	\$ 0.07	\$ 0.51

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The following table summarizes the effect of the errors on the Company's consolidated statement of cash flows for the year ended December 31, 2021:

	Year Ended December 31, 2021		Year Ended December 31, 2021	
	As Previously Reported	Adjustments	As Restated	
Cash flows from operating activities:				
Net income	\$ 6,575,770	980,277	\$ 7,565,047	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	6,088,947	(2,167,060)	3,921,887	
Deferred income taxes	(1,247,199)	(530,958)	(1,778,157)	
Changes in operating assets and liabilities:				
Upfront regional developer fees	—	(572,944)	(572,944)	
Deferred revenue	3,624,944	537,265	4,162,209	
Other liabilities	1,050,507	355,720	1,415,227	
Net cash provided by operating activities	15,232,780	(1,388,700)	13,844,080	
Cash flows from investing activities:				
Reacquisition and termination of regional developer rights	(1,388,700)	1,388,700	—	
Net cash used in investing activities	(14,143,369)	1,388,700	(12,754,669)	
Decrease in cash	(907,291)	—	(907,291)	

Note 3: Revenue Disclosures

Company-owned or Managed Clinics

The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed in accordance with the Company's breakage policy, as discussed in Note 1, Revenue Recognition.

Franchising Fees, Royalty Fees, Advertising Fund Revenue, and Software Fees

The Company currently franchises its concept across 39 states. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing franchise fees (royalties); (c) advertising fees; and (d) software fees. Generally, the revenue accounting standard requires the reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price. However, the revenue accounting standard provides an exception, and it allows a reporting entity to recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs: (i) the subsequent sale or usage occurs, (ii) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied). In accordance with the revenue accounting standard exception, royalty and advertising revenue are recognized when the franchisee's sales occur.

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The Company recognizes the primary components of the transaction price as follows:

- Initial and renewal franchise fees, as well as transfer fees, are recognized as revenue ratably on a straight-line basis over the term of the respective franchise agreement commencing with the execution of the franchise, renewal, or transfer agreement. As these fees are typically received in cash at or near the beginning of the contract term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable, on the consolidated balance sheet.
- The Company is entitled to a software fee, which is charged monthly. The Company recognizes revenue related to software fees ratably on a straight-line basis over the term of the franchise agreement.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, neither of which requires estimation. The Company believes its franchising arrangements do not contain a significant financing component.

The Company recognizes advertising fees received under franchise agreements as advertising fund revenue.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated income statements appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2022 and 2021. Other revenues primarily consist of merchant income associated with credit card transactions.

The following table shows the Company's revenues disaggregated according to the timing of transfer of services:

	December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Revenue recognized at a point in time	\$ 94,520,246	\$ 73,968,060
Revenue recognized over time	\$ 6,732,064	\$ 6,042,953
Total Revenue	\$ 101,252,310	\$ 80,011,013

Rollforward of Contract Liabilities and Contract Costs

Changes in the Company's contract liability for deferred franchise fees during the years ended December 31, 2022 and 2021 were as follows:

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	Deferred Revenue short and long- term
	<i>(At Restated)</i>
Balance at December 31, 2020	\$ 12,655,508
Revenue recognized that was included in the contract liability at the beginning of the year	(2,619,098)
Net increase during the year ended December 31, 2021	5,338,741
Balance at December 31, 2021	\$ 15,375,151
Revenue recognized that was included in the contract liability at the beginning of the year	(2,250,471)
Net increase during the year ended December 31, 2022	3,505,055
Balance at December 31, 2022	<u>\$ 16,629,735</u>

The Company's deferred franchise and development costs represent capitalized sales commissions. Changes during the years ended December 31, 2022 and 2021 were as follows:

	Deferred Franchise and Development Costs short and long- term
Balance at December 31, 2020	\$ 5,238,307
Recognized as cost of revenue during the year	(1,099,892)
Net increase during the year ended December 31, 2021	2,361,592
Balance at December 31, 2021	\$ 6,500,007
Recognized as cost of revenue during the year	(938,736)
Net increase during the year ended December 31, 2022	1,200,467
Balance at December 31, 2022	<u>\$ 6,761,738</u>

The following table illustrates revenues expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of December 31, 2022:

Contract liabilities expected to be recognized in	Amount
	<i>(At Restated)</i>
2023	\$ 2,468,601
2024	2,354,521
2025	2,208,462
2026	2,112,532
2027	2,033,031
Thereafter	5,452,588
Total	<u>\$ 16,629,735</u>

Note 4: Acquisitions

2022 Acquisitions

On May 19, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in Arizona. The Company operates the franchises as company-owned.

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clinics. The total purchase price for the transaction was \$5,761,256, less \$70,484 of net deferred revenue, resulting in total purchase consideration of \$5,690,772.

On July 5, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller one operating franchise in Arizona (collectively, including the May 19th purchase, the "AZ Clinics Purchase"). The Company operates the franchise as a company-owned clinic. The total purchase price for the transaction was \$1,205,667, less \$13,241 of net deferred revenue, resulting in total purchase consideration of \$1,192,426.

Based on the terms of the purchase agreements, the AZ Clinics Purchase has been treated as a business combination under U.S. GAAP using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

The allocation of the total purchase price of AZ Clinics Purchase was as follows:

Property and equipment	\$	241,511
Operating lease right-of-use asset		512,937
Intangible assets		3,689,100
Total assets acquired		4,843,548
Goodwill		3,406,205
Deferred revenue		(455,317)
Operating lease liability - current portion		(128,516)
Operating lease liability - net of current portion		(784,722)
Net purchase consideration	\$	6,883,198

Intangible assets in the table above consist of re-acquired franchise rights of \$2,892,100, amortized over estimated useful lives of approximately four to eight years and customer relationships of \$797,000, amortized over estimated useful lives of two to three years. The fair value of re-acquired franchise rights are estimated using the multi-period excess earnings method. The multi-period excess earnings method model estimates revenues and cash flows derived from the primary asset and then deducts portions of the cash flow that can be attributed to supporting assets, such as assembled workforce and working capital that contributed to the generation of the cash flows. The resulting cash flow, which is attributable solely to the primary asset acquired, is then discounted at a rate of return commensurate with the risk of the asset to calculate a present value. Customer relationships are also calculated using the multi-period excess earnings method.

The valuation method involved the use of significant estimates and assumptions primarily related to forecasted revenue growth rates, gross margin, contributory asset charges, customer attrition rates, and market-participant discount rates. These measures are based on significant Level 3 inputs not observable in the market. Key assumptions developed based on the Company's historical experience, future projections and comparable market data include future cash flows, long-term growth rates, attrition rates and discount rates.

Goodwill represents the excess of the purchase consideration over the fair value of the underlying acquired net tangible and intangible assets. The factors that contributed to the recognition of goodwill included synergies and benefits expected to be gained from leveraging the Company's existing operations and infrastructures, as well as the expected associated revenue and cash flow projections. Goodwill has been allocated to the Company's Corporate Clinics segment based on such expected benefits. Goodwill related to the acquisition is expected to be deductible for income tax purposes over 15 years. The Company completed the purchase price allocation during the fourth quarter of 2022.

On July 29, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers three operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was \$1,317,312, less \$31,647 of net deferred revenue, resulting in total purchase consideration of \$1,285,665.

On October 13, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina. The Company operates the franchise as a company-

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managed clinic. The total purchase price for the transaction was \$761,864, less \$5,108 of net deferred revenue, resulting in total purchase consideration of \$756,756.

On October 24, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina (collectively, including the July 29th and October 13th purchases, the "NC Clinics Purchase"). The Company operates the franchise as a company-managed clinic. The total purchase price for the transaction was \$1,391,112, less \$9,262 of net deferred revenue, resulting in total purchase consideration of \$1,381,850.

On December 23, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers six operating franchises and one undeveloped clinic in California (the "CA Clinics Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was \$1,965,755, less \$70,628 of net deferred revenue, resulting in total purchase consideration of \$1,895,127.

Based on the terms of the purchase agreement, the NC and CA Clinics Purchases have been treated as asset purchases under U.S. GAAP as there were no outputs or processes to generate outputs acquired as part of these transactions. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the total purchase price of NC Clinics Purchase was as follows:

Property and equipment	\$	198,236
Operating lease right-of-use asset		521,222
Intangible assets		3,544,456
Total assets acquired		4,263,914
Deferred revenue		(326,332)
Operating lease liability - current portion		(146,255)
Operating lease liability - net of current portion		(367,536)
Net purchase consideration	\$	3,423,791

Intangible assets in the table above consist of reacquired franchise rights of \$2,042,658 amortized over their estimated useful lives of two to nine years, customer relationships of \$909,828 amortized over an estimated useful life of two to three years, and assembled workforce of \$591,970 amortized over an estimated useful life of two years.

The allocation of the total purchase price of CA Clinics Purchase was as follows:

Property and equipment	\$	677,518
Tenant improvement allowance		55,790
Operating lease right-of-use asset		1,520,353
Intangible assets		1,480,359
Total assets acquired		3,734,020
Deferred revenue		(215,555)
Operating lease liability - current portion		(200,877)
Operating lease liability - net of current portion		(1,422,461)
Net purchase consideration	\$	1,895,127

Intangible assets in the table above primarily consist of reacquired franchise rights of \$1,151,272 amortized over their estimated useful lives of six to seven years, customer relationships of \$20,531 amortized over an estimated useful life of two years, and assembled workforce of \$308,556 amortized over an estimated useful life of two years.

Pro Forma Results of Operations (Unaudited)

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The following table summarizes selected unaudited pro forma consolidated income statements for the years ended December 31, 2022 and 2021 for all 2022 acquisitions, as if the AZ Clinics Purchase (which has been accounted for as a business combination) and the NC and CA Clinics Purchases (which have been accounted for as asset purchases) in 2022 had been completed on January 1, 2021.

(Restated)	Year Ended December 31,	
	2022	2021
Revenues, net	\$ 107,022,047	\$ 87,280,590
Net (loss) income	171,315	6,424,015

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the purchases had taken place on January 1, 2021 or of results that may occur in the future. For 2022, this information includes actual data recorded in the Company's consolidated financial statements for the period subsequent to the date of the acquisition.

The Company's consolidated income statements for the year ended December 31, 2022 include net revenue and net income, excluding corporate clinics segment overhead costs, of the acquired clinics in Arizona, North Carolina, and California as follows:

	Year Ended December
	31,
	2022
Revenues, net	\$ 3,351,521
Net income	947,551

2021 Acquisitions

On April 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller two operating franchises in Phoenix, Arizona (the "2021 AZ Clinics Purchase"). The Company operates the franchises as company-owned clinics. The total purchase price for the transaction was \$1,925,000, less \$29,417 of net deferred revenue, resulting in total purchase consideration of \$1,895,583. Based on the terms of the purchase agreement, the 2021 AZ Clinics Purchase has been treated as a business combination under U.S. GAAP using the acquisition method of accounting.

The allocation of the purchase price was as follows:

Property and equipment	\$ 4,928
Operating lease right-of-use asset	651,197
Intangible assets	1,579,500
Total assets acquired	2,235,625
Goodwill	459,599
Deferred revenue	(123,976)
Operating lease liability - current portion	(49,303)
Operating lease liability - net of current portion	(626,362)
Net purchase consideration	\$ 1,895,583

Intangible assets in the table above consist of re-acquired franchise rights of \$1,376,400 amortized over an estimated useful life of eight to nine years and customer relationships of \$203,100 amortized over an estimated useful life of three years.

On April 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller six operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transaction was \$2,568,028, less \$58,441 of net deferred revenue, resulting in total purchase consideration of \$2,509,587.

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On November 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in North Carolina (collectively, including the April 1 2021 purchase, the "2021 NC Clinics Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transaction was \$1,272,107, less \$46,681 of net deferred revenue, resulting in total purchase consideration of \$1,225,426.

Based on the terms of the purchase agreement, the 2021 NC Clinics Purchase has been treated as an asset purchase under U.S. GAAP as there were no outputs or processes to generate outputs acquired as part of this transaction.

The allocation of the purchase price for the six North Carolina clinics on April 1, 2021 was as follows:

Property and equipment	\$	524,046
Operating lease right-of-use asset		865,813
Intangible assets		2,187,472
Total assets acquired		<u>3,577,331</u>
Deferred revenue		(244,998)
Operating lease liability - current portion		(185,181)
Operating lease liability - net of current portion		<u>(637,565)</u>
Net purchase consideration	\$	2,909,587

Intangible assets in the table above consist of reacquired franchise rights of \$1,195,327 amortized over an estimated useful life of three to four years and customer relationships of \$992,145 amortized over an estimated useful life of three years.

The allocation of the purchase price for the four North Carolina clinics on November 1, 2021 was as follows:

Property and equipment	\$	252,631
Operating lease right-of-use asset		1,341,482
Intangible assets		1,092,341
Total assets acquired		<u>2,686,454</u>
Deferred revenue		(144,383)
Operating lease liability - current portion		(135,784)
Operating lease liability - net of current portion		<u>(1,180,861)</u>
Net purchase consideration	\$	1,225,426

Intangible assets in the table above primarily consist of reacquired franchise rights of \$977,244 amortized over an estimated useful life of four to nine years and customer relationships of \$55,786 amortized over an estimated useful life of two years.

In 2022 and 2021, acquisition-related costs were not significant. These costs are included in general and administrative expenses on the consolidated income statements.

Note 5: Property and Equipment

Property and equipment consist of the following:

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	December 31,	
	2022	2021
Office and computer equipment	\$ 5,207,833	\$ 3,704,4
Leasehold improvements	17,842,901	13,457,7
Internally developed software	5,843,758	5,044,3
Finance lease assets	151,396	267,2
	29,045,888	22,473,7
Accumulated depreciation and amortization	(12,675,085)	(9,184,9)
	16,370,803	13,288,8
Construction in progress	1,104,349	1,100,0
Property and Equipment, net	\$ 17,475,152	\$ 14,388,9

Depreciation expense was \$4,092,669 and \$2,329,697 for the years ended December 31, 2022 and 2021, respectively.

Amortization expense related to finance lease assets was \$55,572 and \$85,300 for the years ended December 31, 2022 and 2021, respectively.

Construction in progress at December 31, 2022 principally related to development and construction costs for the Company-owned or managed clinics. Construction in progress at December 31, 2021 principally relate to development costs for software used by clinics for operations and by the Company for the management of operations.

Note 6: Fair Value Consideration

The Company's financial instruments include cash, restricted cash, accounts receivable, notes receivable, accounts payable, accrued expenses and debt under the Credit Agreement. The carrying amounts of its financial instruments, excluding the debt under the Credit Agreement, approximate their fair value due to their short maturities. The carrying value of the Company's debt under the Credit Agreement approximates fair value due to its interest rate being calculated from observable quoted prices for similar instruments, which is considered a Level 2 fair value measurement.

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that minimizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2022 and 2021, the Company did not have any financial instruments that were measured on a recurring basis as Level 1, 2 or 3.

The Company's non-financial assets, which primarily consist of goodwill, intangible assets, property, plant and equipment, and operating lease right-of-use assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their carrying amount. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable (and at least annually for goodwill), non-financial assets are assessed for impairment. If the fair value is determined to be lower than the carrying amount, an impairment charge is recorded to write down the asset to its fair value, which is considered Level 3 within the fair value hierarchy.

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During the years ended December 31, 2022 and 2021, certain operating lease right-of-use assets related to closed clinics with a total carrying amount of \$0.2 million and \$0.5 million, respectively, were written down to their respective fair value of zero and \$0.4 million. Fair value of the Company's operating lease right-of-use assets was determined based on the discounted cash flows of the estimated market rents. As a result, the Company recorded a noncash impairment loss of approximately \$0.2 million and \$0.1 million during the years ended December 31, 2022 and 2021, respectively.

Note 7: Intangible Assets and Goodwill

During 2022, the Company recognized \$6.1 million, \$1.7 million, and \$0.9 million of reacquired franchise rights, customer relationships, and assembled workforce, respectively, from the acquisitions (reference Note 4). Intangible assets consisted of the following:

	December 31, 2022		
	<i>(As Restated)</i>		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	\$ 12,881,894	\$ 4,755,286	\$ 8,126,608
Customer relationships	4,330,365	2,352,500	1,977,865
Assembled workforce	959,837	136,015	823,822
	<u>\$ 18,172,096</u>	<u>\$ 7,243,801</u>	<u>\$ 10,928,295</u>

	December 31, 2021		
	<i>(As Restated)</i>		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	\$ 6,795,865	\$ 3,153,037	\$ 3,642,828
Customer relationships	2,603,006	1,587,443	1,015,563
Assembled workforce	59,311	4,909	54,402
	<u>\$ 9,458,182</u>	<u>\$ 4,745,419</u>	<u>\$ 4,712,763</u>

The following is the weighted average amortization period for the Company's intangible assets (as restated):

	Amortization (Years)
Reacquired franchise rights	5.8
Customer relationships	2.6
Assembled workforce	2.0
All intangible assets	4.8

Restated amortization expense related to the Company's intangible assets was \$2,498,390 and \$1,506,881 for the years ended December 31, 2022 and 2021, respectively.

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Estimated amortization expense for 2023 and subsequent years is as follows (as restated):

2023	\$ 3,643,736
2024	2,578,510
2025	1,542,251
2026	1,225,152
2027	670,120
Thereafter	1,268,526
Total	<u>\$ 10,928,205</u>

The changes in the carrying amount of goodwill were as follows:

	<u>Corporate Clinic Segment</u>
Balance as of December 31, 2021	
Goodwill, gross	\$ 5,140,197
Accumulated impairment losses	(54,994)
Goodwill, net	5,085,203
2022 acquisition	3,408,204
Balance as of December 31, 2022	
Goodwill, gross	8,548,401
Accumulated impairment losses	(54,994)
Goodwill, net	<u>\$ 8,493,407</u>

Note 8: Debt

Credit Agreement

On February 28, 2020, the Company entered into a Credit Agreement (the "Credit Agreement"), with JPMorgan Chase Bank, N.A., individually, and as Administrative Agent and Issuing Bank ("JPMorgan Chase" or the "Lender"). The Credit Agreement provided for senior secured credit facilities (the "Credit Facilities") in the amount of \$7,500,000, including a \$2,000,000 revolver (the "Revolver") and \$5,500,000 development line of credit (the "Line of Credit"). The Revolver included amounts available for letters of credit of up to \$1,000,000 and an uncommitted additional amount of \$2,500,000. All outstanding principal and interest on the Revolver were due on February 28, 2022.

On February 28, 2022, the Company entered into an amendment to its Credit Facilities (as amended, the "2022 Credit Facility") with the Lender. Under the 2022 Credit Facility, the Revolver increased to \$20,000,000 (from \$2,000,000), the portion of the Revolver available for letters of credit increased to \$5,000,000 (from \$1,000,000), the uncommitted additional amount increased to \$30,000,000 (from \$2,500,000) and the developmental line of credit of \$5,500,000 was terminated. The Revolver will be used for working capital needs, general corporate purposes and for acquisitions, development and capital improvement uses. At the option of the Company, borrowings under the 2022 Credit Facility bear interest at: (i) the adjusted Secured Overnight Financing Rate ("SOFR"), which is the daily simple SOFR, plus 0.10%, plus 1.75%, payable on the last day of the selected interest period of one, three or six months, and on the three-month anniversary of the beginning of any six-month interest period, if applicable; or (ii) an Alternative Base Rate (ABR), plus 1.00%, payable monthly. The ABR is the greatest of: (A) the prime rate (as published by the Wall Street Journal), (B) the Federal Reserve Bank of New York rate, plus 0.5%, and (C) the adjusted one-month term SOFR rate. Amounts outstanding under the Revolver on February 28, 2022 continued to bear interest at the rate selected under the Credit Facilities prior to the amendment until the last day of the interest period in effect, at which time, if not repaid, the amounts outstanding under the Revolver will bear interest at the 2022 Credit Facility rate. As a result of this refinance, \$2,000,000 of current maturity of long-term debt has been reclassified to long-term as of December 31, 2021. The 2022 Credit Facility will terminate and all principal and interest will become due and payable on the fifth anniversary of the amendment (February 28, 2027).

The Credit Facilities contain customary events of default, including but not limited to nonpayment; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; and certain fundamental changes such as a merger or sale of substantially all assets.

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(as further defined in the Credit Facilities). The Credit Facilities require the Company to comply with customary affirmative, negative and financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the Credit Facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable. The Credit Facilities are collateralized by substantially all of the Company's assets, including the assets in the Company's company-owned or managed clinics. The Company intends to use the Revolver for general working capital needs and for acquiring and developing new chiropractic clinics. The interest rate on funds borrowed under the Revolver as of December 31, 2022 was 6.43%. As of December 31, 2022, the Company was in compliance with all applicable financial and non-financial covenants under the Credit Agreement, and \$2,000,000 remains outstanding as of December 31, 2022.

In connection with the issuance of the Credit Facilities and the 2022 Credit Facility, the Company incurred debt issuance costs of \$52,648 and \$76,415, respectively. Interest expense and amortization expense related to debt issuance costs are being amortized to "Other expense, net" and was \$129,118 and \$60,178 for the years ended December 31, 2022 and 2021, respectively.

Paycheck Protection Program Loan

On April 10, 2020, the Company received a loan in the amount of approximately \$2.7 million from JPMorgan Chase Bank, N.A. (the "Loan"), pursuant to the Paycheck Protection Program (the "PPP") administered by the United States Small Business Administration. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act, which provides for forgiveness of up to the full principal amount and accrued interest of qualifying loans guaranteed under the PPP. The Loan was granted pursuant to a Note dated April 9, 2020 issued by the Company. The Note had a maturity date of April 11, 2022 and bore interest at a rate of 0.98% per annum. On March 4, 2021, the Company elected to repay the full principal and accrued interest on the PPP Loan of approximately \$2.7 million without prepayment penalty, in accordance with the terms of the PPP loan.

Note 9: Stock-Based Compensation

The Company grants stock-based awards under its 2014 Incentive Stock Plan (the "2014 Plan"). The shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the 2014 Plan: (i) non-qualified stock options; (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; and (v) restricted stock units. Each award granted under the 2014 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, and such other terms and conditions as the plan committee determines. Awards granted under the 2014 Plan are classified as equity awards, which are recorded in stockholders' equity in the Company's consolidated balance sheets. Through December 31, 2022, the Company has granted under the 2014 Plan (i) non-qualified stock options; (ii) incentive stock options; and (iii) restricted stock. There were no stock appreciation rights and restricted stock units granted under the 2014 Plan as of December 31, 2022.

Stock Options

The Company's closing price on the date of grant is the basis of fair value of its common stock used in determining the value of share-based awards. To the extent the value of the Company's share-based awards involves a measure of volatility, the Company uses available historical volatility of the Company's common stock over a period of time corresponding to the expected stock option term. The Company uses the simplified method to calculate the expected term of stock option grants to employees as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. Accordingly, the expected life of the options granted is based on the average of the vesting term, which is generally four years and the contractual term, which is generally ten years. The Company will continue to evaluate the appropriateness of utilizing such method. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

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The Company did not grant options during the year ended December 31, 2022. The Company has computed the fair value of all options granted using the Black-Scholes-Merton model during the year ended December 31, 2021, using the following assumptions:

	<u>Year Ended December 31,</u> <u>2021</u>
Expected volatility	57%
Expected dividends	None
Expected term (years)	7
Risk-free rate	0.97% to 1.27%

The information below summarizes the stock options activity:

	<u>Number of</u> <u>Shares</u>	<u>Weighted</u> <u>Average</u> <u>Exercise</u> <u>Price</u>	<u>Weighted</u> <u>Average</u> <u>Remaining</u> <u>Contractual</u> <u>Life</u>	<u>Aggregate</u> <u>Intrinsic</u> <u>Value</u>
Outstanding at December 31, 2020	835,601	\$ 6.65	6.6	\$ 16,153,117
Granted at market price	48,192	47.01		
Exercised	(260,044)	5.84		\$ 15,244,054
Cancelled	(28,660)	18.17		
Outstanding at December 31, 2021	595,089	\$ 9.72	5.9	\$ 33,336,794
Granted at market price	—			
Exercised	(43,380)	8.86		\$ 657,058
Expired	(2,795)	28.45		
Cancelled	(16,991)	24.96		
Outstanding at December 31, 2022	531,923	\$ 9.20	4.7	\$ 3,797,904
Exercisable at December 31, 2022	454,315	\$ 6.43	4.3	\$ 3,772,164
Vested and expected to vest at December 31, 2022	528,981	\$ 9.07	4.7	\$ 3,797,670

The weighted-average grant-date fair value of the Company's stock options granted during 2021 was \$26.40.

The aggregate fair value of the Company's stock options vested during 2022 and 2021 was \$631,512 and \$481,404, respectively.

The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%. For the years ended December 31, 2022 and 2021, stock-based compensation expense for stock options was \$515,279 and \$625,291, respectively.

Unrecognized stock-based compensation expense for stock options as of December 31, 2022 was \$712,933, which is expected to be recognized ratably over the next 1.9 years.

Restricted Stock

Restricted stock awards granted to employees generally vest in four equal annual installments. Restricted stock awards granted to non-employee directors vest on the earlier of (i) one year from the grant date and (ii) the date of the next annual meeting of the shareholders of the Company occurring after the date of grant.

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The information below summarizes the restricted stock activity:

Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value per Award
Non-vested at December 31, 2020	45,595	\$ 13.13
Granted	10,010	88.25
Vested	(26,143)	13.61
Cancelled	(1,742)	20.63
Non-vested at December 31, 2021	27,720	28.51
Granted	68,125	29.47
Vested	(17,240)	29.13
Cancelled	(8,293)	30.51
Non-vested at December 31, 2022	70,312	\$ 29.05

For the years ended December 31, 2022 and 2021, stock-based compensation expense for restricted stock was \$758,710 and \$430,724, respectively. Unrecognized stock-based compensation expense for restricted stock awards as of December 31, 2022 was \$1,492,530 to be recognized ratably over 2.8 years.

Tax Benefits

Net income for 2022 and 2021 included pre-tax expense related to stock-based compensation of \$1.3 million and \$1.1 million, respectively. The company recognized income tax benefits of \$0.1 million and \$3.3 million from the exercises of stock options and restricted stock awards for 2022 and 2021, respectively.

Note 10: Income Taxes

Income tax expense (benefit) reported in the consolidated income statements is comprised of the following:

	December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Current expense (benefit):		
Federal	\$ 377,281	\$ 241,243
State, net of state tax credits	132,520	27,954
Total current expense (benefit)	509,801	269,197
Deferred expense (benefit):		
Federal	(295,011)	(1,376,812)
State	(146,342)	(401,345)
Total deferred expense (benefit)	(441,353)	(1,778,157)
Total income tax expense (benefit)	\$ 68,448	\$ (1,508,960)

The following are the components of the Company's deferred tax assets (liabilities) for federal and state income taxes:

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	December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Deferred income tax assets:		
Accrued expenses	\$ 97,148	\$ 938,916
Deferred revenue	5,338,821	4,546,130
Lease liability	6,582,122	5,800,233
Goodwill - component 2	72,033	53,946
Nonqualified stock options	330,075	255,921
Interest expense limitation	35,031	—
Net operating loss carryforwards	5,285,726	5,461,650
Tax credits	35,850	35,850
Intangibles	3,166,533	1,906,947
Total deferred income tax assets	<u>20,952,339</u>	<u>19,038,593</u>
Deferred income tax liabilities:		
Lease right-of-use asset	(5,694,797)	(5,022,052)
Deferred franchise costs	(100,598)	(122,431)
Goodwill - component 1	(537,421)	(405,964)
Asset basis difference related to property and equipment	(2,545,455)	(1,902,389)
Restricted stock compensation	(145,956)	(98,958)
Total deferred income tax liabilities	<u>(9,024,187)</u>	<u>(7,551,794)</u>
Valuation allowance		
Net deferred tax asset	<u>\$ 11,928,152</u>	<u>\$ 11,486,799</u>

Federal tax effected of these net operating losses were \$4.5 million and \$4.5 million as of December 31, 2022 and 2021, respectively. \$11.1 million of the federal net operating loss is subject to a 20-year carryforward, with a portion beginning to expire in 2036. \$10.5 million of the federal net operating loss has an indefinite carryforward period.

The Joint Corp., without its consolidated VIEs, has state tax effected net operating loss carryforwards of \$0.7 million and \$0.9 million as of December 31, 2022 and 2021, respectively. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2025.

The Joint Corp. has research and development credits of \$14,229 that will begin to expire in 2031 and \$21,621 California AMT credits that do not expire.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income, compared to the income tax benefit in the consolidated income statements:

	For the Years Ended December 31,			
	2022		2021	
	<i>(As Restated)</i>		<i>(As Restated)</i>	
	Amount	Percent	Amount	Percent
Expected federal tax expense (benefit)	\$ 145,982	21.0%	\$ 1,280,282	21.0%
State tax provision (benefit), net of federal benefit	41,660	6.0%	(332,169)	(5.5)%
Other permanent differences	15,458	2.2%	72,794	1.2%
Stock compensation	(91,454)	(13.2)%	(2,519,083)	(41.4)%
Change in tax rate	(64,756)	(9.3)%	—	—%
Other adjustments	21,558	3.1%	(10,784)	(0.2)%
Expense (Benefit)	<u>\$ 68,448</u>	<u>9.8%</u>	<u>\$ (1,508,960)</u>	<u>(24.9)%</u>

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Changes in the Company's income tax expense (benefit) relate primarily to state taxes and stock-based compensation, as well as changes in pre-tax income during the year ended December 31, 2022, as compared to the year ended December 31, 2021. For the years ended December 31, 2022 and December 31, 2021, effective tax rates were 9.8% and (24.9)%, respectively. The difference between the statutory federal income tax rate and the Company's effective tax rate was primarily due to state taxes, stock-based compensation, and other permanent differences.

For the years ended December 31, 2022 and December 31, 2021, the Company had gross uncertain tax positions of \$1.3 million and \$1.3 million, respectively.

	December 31,	
	2022	2021
	<i>(As Restated)</i>	<i>(As Restated)</i>
Beginning balances	\$ 1,314,351	\$ 729,837
Increases related to tax positions taken during a prior year	—	—
Decreases related to tax positions taken during a prior year	—	—
Increases related to tax positions taken during a current year	—	584,514
Decreases related to settlements with taxing authorities	—	—
Decreases related to expiration of the statute of limitations	—	—
Ending balances	<u>\$ 1,314,351</u>	<u>\$ 1,314,351</u>

At December 31, 2022 and December 31, 2021, there were \$19,433 and \$19,433, respectively of unrecognized tax benefits that if recognized would affect the annual effective tax rate.

Interest and penalties associated with tax positions for the years ended December 31, 2022 and December 31, 2021 were \$0 and \$40,491, respectively and are recorded in the period assessed as general and administrative expenses. Accrued interest and penalties was \$143,584 for both the years ended December 31, 2022 and December 31, 2021 and recorded as other liabilities.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2022, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2019 and 2018, respectively.

Note 11: Commitments and Contingencies

Leases

The table below summarizes the components of lease expense and income statement location for the years ended December 31, 2022 and December 31, 2021:

	Line Item in the Company's Consolidated Income Statements	Years Ended December 31,	
		2022	2021
Finance lease costs:			
Amortization of assets	Depreciation and amortization	\$ 55,572	\$ 85,300
Interest on lease liabilities	Other expense, net	4,516	9,012
Total finance lease costs		<u>\$ 60,088</u>	<u>\$ 94,312</u>
Operating lease costs	General and administrative expenses	<u>\$ 5,647,185</u>	<u>\$ 4,590,571</u>
Total lease costs		<u>\$ 5,707,273</u>	<u>\$ 4,684,883</u>

Supplemental information and balance sheet location related to leases for the years ended December 31, 2022 and December 31, 2021 was as follows:

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	<u>Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating Leases:		
Operating lease right-of-use asset	\$ 20,587,199	\$ 18,425,914
Operating lease liability, current portion	\$ 5,295,830	\$ 4,633,843
Operating lease liability, net of current portion	18,672,719	16,872,093
Total operating lease liability	<u>\$ 23,968,549</u>	<u>\$ 21,485,936</u>
Finance Leases:		
Property and equipment, at cost	\$ 151,396	\$ 267,252
Less accumulated amortization	(87,652)	(147,937)
Property and equipment, net	<u>\$ 63,744</u>	<u>\$ 119,315</u>
Finance lease liability, current portion	\$ 24,433	\$ 49,855
Finance lease liability, net of current portion	63,507	87,939
Total finance lease liabilities	<u>\$ 87,940</u>	<u>\$ 137,794</u>
Weighted average remaining lease term (in years):		
Operating leases	5.4	5.4
Finance lease	3.4	3.6
Weighted average discount rate:		
Operating leases	4.8 %	4.6 %
Finance leases	4.3 %	4.8 %

Supplemental cash flow information related to leases for the years ended December 31, 2022 and December 31, 2021 were as follows:

	<u>Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cash paid for amounts included in measurement of liabilities:		
Operating cash flows from operating leases	\$ 5,931,114	\$ 4,484,737
Operating cash flows from finance leases	4,516	9,012
Financing cash flows from finance leases	49,855	80,322
Non-cash transactions: ROU assets obtained in exchange for lease liabilities:		
Operating lease	7,222,822	10,007,188
Finance lease	—	15,140

Maturities of lease liabilities as of December 31, 2022 were as follows:

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	Operating Leases	Finance Lease
2023	\$ 6,280,108	\$ 27,600
2024	5,680,672	27,600
2025	5,084,585	27,600
2026	3,264,579	11,500
2027	2,208,960	—
Thereafter	4,561,694	—
Total lease payments	27,149,598	94,300
Less: Imputed interest	(3,181,049)	(6,360)
Total lease obligations	23,968,549	87,940
Less: Current obligations	(5,295,830)	(24,033)
Long-term lease obligation	\$ 18,672,719	\$ 63,907

The Company entered into various operating leases for its new corporate clinics' spaces that had not yet commenced as of the year ended December 31, 2022. These leases are expected to result in additional ROU asset and liability of approximately \$1.5 million. These leases are expected to commence during the first and second quarter of 2023, with lease terms of five to ten years.

Guarantee in Connection with the Sale of the Divested Business

In connection with the sale of a company-managed clinic in 2022, the Company guaranteed one future operating lease commitment assumed by the buyers. The Company is obligated to perform under the guarantee if the buyers fail to perform under the lease agreement at any time during the remainder of the lease agreement, which expires on May 31, 2027. At the date of sale, the undiscounted maximum potential future payments totaled \$247,296. As of the year ended December 31, 2022, the undiscounted remaining lease payments under the agreement totaled \$234,696. The Company had not recorded a liability with respect to the guarantee obligation as of December 31, 2022, as the Company concluded that payment under the lease guarantee was not probable.

Litigation

In the normal course of business, the Company is party to litigation and claims from time to time. The Company maintains insurance to cover certain litigation and claims.

Note 12: Segment Reporting

An operating segment is defined as a component of an enterprise for which discrete financial information is available and is reviewed regularly by the Chief Operating Decision Maker ("CODM") to evaluate performance and make operating decisions. The Company has identified its CODM as the Chief Executive Officer.

The Company has two operating business segments. The Corporate Clinics segment is comprised of the operating activities of the company-owned or managed clinics. As of December 31, 2022, the Company operated or managed 126 clinics under this segment. The Franchise Operations segment is comprised of the operating activities of the franchise business unit. As of December 31, 2022, the franchise system consisted of 712 clinics in operation. Corporate is a non-operating segment that develops and implements strategic initiatives and supports the Company's two operating business segments by centralizing key administrative functions such as finance and treasury, information technology, insurance and risk management, legal and human resources. Corporate also provides the necessary administrative functions to support the Company as a publicly-traded company. A portion of the expenses incurred by Corporate are allocated to the operating segments.

The tables below present financial information for the Company's two operating business segments.

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	Year Ended December 31,	
	2022	2021
	(As Restated)	(As Restated)
Revenues:		
Corporate clinics	\$ 59,422,294	\$ 44,348,234
Franchise operations	41,800,016	35,662,775
Total revenues	<u>\$ 101,252,310</u>	<u>\$ 80,011,013</u>
Depreciation and amortization:		
Corporate clinics	\$ 5,557,494	\$ 3,279,602
Franchise operations	744,172	334,945
Corporate administration	344,956	307,335
Total depreciation and amortization	<u>\$ 6,646,622</u>	<u>\$ 3,921,887</u>
Segment operating income:		
Corporate clinics	\$ 110,257	\$ 6,990,032
Franchise operations	17,340,402	15,353,621
Unallocated corporate	(16,622,405)	(15,827,988)
Total segment operating income	<u>\$ 828,254</u>	<u>\$ 6,125,965</u>
Reconciliation of total segment operating income to consolidated earnings before income taxes:		
Total segment operating income	\$ 828,254	\$ 6,125,965
Other (expense), net	(133,101)	(69,878)
Income before income tax expense (benefit)	<u>\$ 695,153</u>	<u>\$ 6,056,087</u>
Assets:		
December 31,		
	2022	2021
	(As Restated)	(As Restated)
Segment assets:		
Corporate clinics	\$ 56,008,234	\$ 40,032,2
Franchise operations	12,360,878	12,593,9
Total segment assets	<u>\$ 68,369,112</u>	<u>\$ 52,626,1</u>
Unallocated cash and cash equivalents and restricted cash	\$ 10,550,417	\$ 10,912,3
Unallocated property and equipment	915,216	857,1
Other unallocated assets	13,655,632	13,666,0
Total assets	<u>\$ 93,490,377</u>	<u>\$ 87,061,7</u>

"Unallocated cash and cash equivalents and restricted cash" relates primarily to corporate cash and cash equivalents and restricted cash (see Note 1), "unallocated property and equipment" relates primarily to corporate fixed assets, and "other unallocated assets" relates primarily to deposits, prepaid and other assets.

Note 13: Related Party Transaction

In December 2020, we sold two franchise licenses at \$39,900 and \$29,900 each (which reflects the \$10,000 multi-unit discount for the second license per the Franchise Disclosure Document) to Marshall Grant, who is a family member of the Managing Partner of Bandera Partners LLC. Bandera Partners LLC was a significant shareholder of more than 5% of our outstanding common stock (approximately 17% as of December 31, 2022). The transaction involved terms no less favorable to us than those that would have been obtained in the absence of such affiliation. Although we have no way of estimating the aggregate

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amount of franchise fees, royalties, advertising fund fees, IT related income and computer software fees that Mr. Gramm will pay over the life of the franchise licenses, Mr. Gramm is subject to such fees under the same terms and conditions as all other franchisees. Mr. Gramm paid \$34,262 and \$11,046 in 2022 and 2021, respectively, for such royalties and other fees.

[Table of Contents](#)**Note 14: Quarterly Financial Data (Unaudited and Restated)**

The Company is providing restated quarterly and year-to-date unaudited consolidated financial information for interim periods occurring within the years ended December 31, 2022 and December 31, 2021. See Note 2, Restatement of Previously Issued Consolidated Financial Statements for further background concerning the events preceding the restatement of financial information in this Comprehensive Form 10-K/A.

The Company assessed the impact of these errors on its previously issued interim financial statements and determined them to be quantitatively and qualitatively material to interim periods for 2022 and 2021 based on its analysis of Staff Accounting Bulletin ("SAB") No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". The impact of these errors is summarized in the tables that follow:

The following table summarizes the effect of the errors on the Company's consolidated balance sheets as of March 31, 2022, June 30, 2022, and September 30, 2022:

	As Previously Reported			Adjustments			As Restated		
	March 31, 2022	June 30, 2022	September 30, 2022	March 31, 2022	June 30, 2022	September 30, 2022	March 31, 2022	June 30, 2022	September 30, 2022
Intangible assets, net	\$ 4,829,941	\$ 9,114,701	\$10,162,506	\$ (352,911)	\$(2,356,584)	\$(2,124,740)	\$ 4,277,030	\$ 6,758,117	\$ 8,037,766
Deferred tax assets	9,205,410	9,116,248	9,115,231	2,493,918	3,202,634	3,333,327	11,698,428	12,318,892	12,448,558
Total assets	85,062,449	86,235,794	88,291,398	1,940,107	846,050	1,208,587	87,002,556	87,081,844	89,499,985
Current liabilities:									
Deferred franchise and regional development fee revenue, current portion	3,130,856	2,981,534	2,974,993	(3,130,856)	(2,981,534)	(2,974,993)	—	—	—
Deferred franchise fee revenue, current portion	—	—	—	2,408,266	2,593,993	2,410,951	2,408,266	2,593,993	2,410,951
Upfront regional developer fees, current portion	—	—	—	722,590	587,541	564,042	722,590	587,541	564,042
Other current liabilities	541,250	558,250	522,500	24,511	49,022	73,533	565,761	607,272	596,033
Total current liabilities	20,624,047	20,238,810	21,637,706	24,511	49,022	73,533	20,648,558	20,287,832	21,711,239
Deferred franchise and regional development fee revenue, net of current portion	15,410,136	15,447,554	15,604,180	(15,410,136)	(15,447,554)	(15,604,180)	—	—	—
Deferred franchise fee revenue, net of current portion	—	—	—	13,154,047	13,584,091	13,870,401	13,154,047	13,584,091	13,870,401
Upfront regional developer fees, net of current portion	—	—	—	2,256,089	1,863,463	1,733,779	2,256,089	1,863,463	1,733,779
Other liabilities	27,230	27,230	27,230	966,523	1,064,565	1,162,607	993,733	1,091,795	1,189,837
Total liabilities	55,328,037	55,732,399	56,765,925	991,034	1,113,587	1,236,140	56,319,071	56,865,986	58,002,065
Accumulated deficit	(13,724,938)	(13,380,196)	(12,889,083)	949,073	(267,537)	(27,553)	(12,775,865)	(13,647,733)	(12,916,636)
Total The Joint Corp. stockholders' equity	29,709,412	30,458,395	31,506,473	949,073	(267,537)	(27,553)	30,683,485	30,190,838	31,472,920
Total equity	29,734,412	30,483,395	31,525,473	949,073	(267,537)	(27,553)	30,683,485	30,215,838	31,497,920
Total liabilities and stockholders' equity	85,062,449	86,235,794	88,291,398	1,940,107	846,050	1,208,587	87,002,556	87,081,844	89,499,985

The following table summarizes the effect of the errors on the Company's consolidated income statements for the three-month periods ended March 31, 2022 (Q1), June 30, 2022 (Q2), and September 30, 2022 (Q3):

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	As Previously Reported			Adjustments			As Restated		
	Q1'22	Q2'22	Q3'22	Q1'22	Q2'22	Q3'22	Q1'22	Q2'22	Q3'22
Revenues:									
Regional developer fees	\$ 201,787	\$ 169,953	\$ 153,181	\$(201,787)	\$(169,953)	\$(153,181)	\$ —	\$ —	\$ —
Total revenues	22,438,538	25,057,318	26,603,000	(201,787)	(169,953)	(153,181)	22,236,751	24,887,365	26,449,819
Cost of revenues:									
Franchise and regional developer cost of revenues	2,002,813	2,074,889	2,141,945	(201,787)	(169,953)	(153,181)	1,801,026	1,904,936	1,988,764
Total cost of revenues	2,312,771	2,427,045	2,490,276	(201,787)	(169,953)	(153,181)	2,110,984	2,257,092	2,337,095
Depreciation and amortization	1,629,176	1,700,476	2,031,768	(292,520)	(238,600)	(231,844)	1,336,656	1,461,876	1,779,924
General and administrative expenses	15,378,623	16,528,022	17,796,806	154,803	2,042,279	—	15,533,426	18,570,301	17,796,806
Total selling, general and administrative expenses	20,295,287	22,068,222	23,347,861	(137,717)	1,803,673	(231,844)	20,157,570	23,871,895	25,116,017
Income from operations	(176,426)	473,207	500,472	137,717	(1,803,673)	231,844	(38,709)	(1,330,466)	732,316
Income before income tax expense (benefit)	(192,573)	453,921	475,237	137,717	(1,803,673)	231,844	(54,856)	(1,349,752)	707,081
Income tax expense (benefit)	13,224	109,179	(15,876)	(72,300)	(587,064)	(8,139)	(59,076)	(677,885)	(24,015)
Net income (loss)	(205,797)	344,742	491,113	210,017	(1,216,609)	239,983	4,220	(671,867)	731,096
Earnings per share:									
Basic earnings (loss) per share	\$ (0.01)	\$ 0.02	\$ 0.03	\$ 0.01	\$ (0.08)	\$ 0.02	\$ —	\$ (0.06)	\$ 0.05
Diluted earnings (loss) per share	\$ (0.01)	\$ 0.02	\$ 0.03	\$ 0.01	\$ (0.08)	\$ 0.02	\$ —	\$ (0.06)	\$ 0.05

The following table summarizes the effect of the errors on the Company's consolidated income statements for the six-month period ended June 30, 2022 and the nine-month period ended September 30, 2022:

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	As Previously Reported		Adjustments		As Restated	
	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022
Revenues:						
Regional developer fees	\$ 371,740	\$ 524,923	\$ (371,740)	\$ (524,923)	\$ —	\$ —
Total revenues	47,495,856	74,098,856	(371,740)	(524,923)	47,124,116	73,573,933
Cost of revenues:						
Franchise and regional developer cost of revenues	4,077,701	6,219,646	(371,740)	(524,923)	3,705,961	5,694,723
Total cost of revenues	4,719,816	7,230,092	(371,740)	(524,923)	4,348,076	6,705,169
Depreciation and amortization	3,329,653	5,341,420	(531,126)	(762,970)	2,798,527	4,578,450
General and administrative expenses	31,966,644	49,703,451	2,197,082	2,197,082	34,103,726	51,900,533
Total selling, general and administrative expenses	42,363,509	65,711,371	1,665,956	1,434,112	44,029,465	67,145,483
Income from operations	296,782	797,253	(1,665,956)	(1,434,112)	(1,369,174)	(636,859)
Income before income tax expense (benefit)	261,348	756,585	(1,665,956)	(1,434,112)	(1,404,608)	(697,527)
Income tax expense (benefit)	122,403	106,527	(639,363)	(667,593)	(536,960)	(560,976)
Net income (loss)	138,945	650,058	(1,026,593)	(766,609)	(867,648)	(136,551)
Earnings per share:						
Basic earnings (loss) per share	\$ 0.01	\$ 0.04	\$ (0.07)	\$ (0.05)	\$ (0.06)	\$ (0.01)
Diluted earnings (loss) per share	\$ 0.01	\$ 0.04	\$ (0.07)	\$ (0.05)	\$ (0.06)	\$ (0.01)

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity for the first through third fiscal quarters of 2022.

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	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
Balances, December 31, 2021 (as previously reported)	\$ (13,519,142)	\$ 29,544,627	\$ 29,569,627
Adjustment due to cumulative error correction	739,057	739,057	739,057
12/31/2021 (as restated)	<u>\$ (12,780,085)</u>	<u>\$ 30,283,684</u>	<u>\$ 30,308,684</u>
Balances, March 31, 2022 (as previously reported)	\$ (13,724,938)	\$ 29,709,412	\$ 29,734,412
Adjustment due to cumulative error correction	949,073	949,073	949,073
Balances, March 31, 2022 (as restated)	<u>\$ (12,775,865)</u>	<u>\$ 30,658,485</u>	<u>\$ 30,683,485</u>
Balances, June 30, 2022 (as previously reported)	\$ (13,380,196)	\$ 30,458,395	\$ 30,483,395
Adjustment due to cumulative error correction	(267,537)	(267,537)	(267,537)
Balances, June 30, 2022 (as restated)	<u>\$ (13,647,733)</u>	<u>\$ 30,190,858</u>	<u>\$ 30,215,858</u>
Balances, September 30, 2022 (as previously reported)	\$ (12,889,083)	\$ 31,500,473	\$ 31,525,473
Adjustment due to cumulative error correction	(27,553)	(27,553)	(27,553)
Balances, September 30, 2022 (as restated)	<u>\$ (12,916,636)</u>	<u>\$ 31,472,920</u>	<u>\$ 31,497,920</u>

The following table summarizes the effect of the errors on the Company's consolidated statements of cash flows for the three-month period ended March 31, 2022, the six-month period ended June 30, 2022, and the nine-month period ended September 30, 2022.

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	As Previously Reported			Adjustments			As Restated		
	Three Months Ended March 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022
Cash flows from operating activities:									
Net income (loss)	\$ (205,797)	\$ 138,945	\$ 630,058	210,017	(1,006,593)	(766,609)	\$ 4,220	\$ (867,648)	\$ (136,551)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:									
Depreciation and amortization	1,629,176	3,329,653	5,341,420	(292,520)	(531,126)	(762,970)	1,336,656	2,798,527	4,578,450
Deferred income taxes	(16,776)	72,386	73,403	(194,853)	(904,869)	(1,035,162)	(211,629)	(832,083)	(961,759)
Changes in operating assets and liabilities:									
Upfront regional developer fees	—	—	—	(296,983)	(824,658)	(977,841)	(296,983)	(824,658)	(977,841)
Deferred revenue	296,487	492,473	636,470	201,786	371,740	524,923	498,273	866,213	1,161,393
Other liabilities	280,162	404,329	360,790	122,553	245,106	367,659	402,715	649,435	728,449
Net cash provided by (used in) operating activities	447,878	1,665,160	5,682,415	(250,000)	(2,650,000)	(2,650,000)	197,878	(1,184,840)	3,032,415
Cash flows from investing activities:									
Recapitulation and termination of regional developer rights	(250,000)	(2,650,000)	(2,650,000)	250,000	2,650,000	2,650,000	—	—	—
Net cash used in investing activities	(1,539,943)	(11,414,961)	(14,938,929)	250,000	2,650,000	2,650,000	(1,289,943)	(8,764,961)	(12,288,929)
Decrease in cash	(1,066,427)	(9,876,740)	(8,944,196)	—	—	—	(1,066,427)	(9,876,740)	(8,944,196)

The following table summarizes the effect of the errors on the Company's consolidated balance sheets as of March 31, 2021, June 30, 2021, and September 30, 2021:

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	As Previously Reported			Adjustments			As Restated		
	March 31, 2021	June 30, 2021	September 30, 2021	March 31, 2021	June 30, 2021	September 30, 2021	March 31, 2021	June 30, 2021	September 30, 2021
Intangible assets, net	\$ 3,444,538	\$ 6,176,429	\$ 5,280,024	\$(2,315,922)	\$(1,774,158)	\$(1,232,393)	\$ 1,128,616	\$ 4,402,271	\$ 4,047,631
Deferred tax assets	8,360,245	9,322,066	9,850,678	2,092,559	2,040,446	1,894,666	10,452,804	11,362,512	11,745,342
Total assets	67,054,083	78,211,226	81,044,983	(223,564)	266,288	662,273	66,830,719	78,477,514	81,707,256
Current liabilities:									
Deferred franchise and regional development fee revenue, current portion	3,045,868	3,162,719	3,198,750	(3,045,868)	(3,162,719)	(3,198,750)	—	—	—
Deferred franchise fee revenue, current portion	—	—	—	2,229,101	2,347,990	2,405,300	2,229,101	2,347,990	2,405,300
Upfront regional developer fees, current portion	—	—	—	816,767	814,720	793,450	816,767	814,720	793,450
Other current liabilities	707,763	551,035	404,901	—	—	—	707,763	551,035	404,901
Total current liabilities	17,414,714	21,778,714	20,934,744	—	—	—	17,414,714	21,778,714	20,934,744
Deferred franchise and regional development fee revenue, net of current portion	13,560,449	14,708,216	15,349,878	(13,560,449)	(14,708,216)	(15,349,878)	—	—	—
Deferred franchise fee revenue, net of current portion	—	—	—	10,672,244	11,887,275	12,671,068	10,672,244	11,887,275	12,671,068
Upfront regional developer fees, net of current portion	—	—	—	2,888,205	2,820,941	2,678,810	2,888,205	2,820,941	2,678,810
Other liabilities	27,230	27,230	27,251	601,690	690,621	779,551	628,920	717,851	806,782
Total liabilities	43,364,021	50,011,859	51,383,166	601,690	690,621	779,551	43,965,711	51,602,471	52,162,717
Accumulated deficit	(17,780,218)	(15,096,255)	(15,184,061)	(825,054)	(424,333)	(117,278)	(18,605,272)	(15,520,588)	(13,501,339)
Total The Joint Corp. stockholders' equity	23,689,962	27,299,276	29,656,817	(825,054)	(424,333)	(117,278)	22,864,908	26,874,943	29,519,539
Total equity	23,690,062	27,299,376	29,661,817	(825,054)	(424,333)	(117,278)	22,865,008	26,875,043	29,544,539
Total liabilities and stockholders' equity	67,054,083	78,211,226	81,044,983	(223,564)	266,288	662,273	66,830,719	78,477,514	81,707,256

The following table summarizes the effect of the errors on the Company's consolidated income statements for the three-month periods ended March 31, 2021, June 30, 2021, and September 30, 2021:

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	As Previously Reported			Adjustments			As Restated		
	Q1'21	Q2'21	Q3'21	Q1'21	Q2'21	Q3'21	Q1'21	Q2'21	Q3'21
Revenues:									
Regional developer fees	\$ 217,956	\$ 214,434	\$ 209,651	\$(217,956)	\$(214,434)	\$(209,651)	\$ --	\$ --	\$ --
Total revenues	17,547,965	20,218,798	20,991,621	(217,956)	(214,434)	(209,651)	17,330,009	20,004,364	20,781,970
Cost of revenues:									
Franchise and regional developer cost of revenues	1,624,572	1,786,833	1,907,874	(217,956)	(214,434)	(209,651)	1,406,616	1,572,399	1,698,223
Total cost of revenues	1,785,317	2,038,538	2,309,122	(217,956)	(214,434)	(209,651)	1,547,361	1,824,104	2,099,471
Depreciation and amortization	1,169,866	1,443,018	1,662,255	(541,765)	(541,765)	(541,764)	628,101	901,253	1,120,491
General and administrative expenses	10,087,660	11,614,444	12,812,331	1,363,144	10,123	10,123	11,450,204	11,624,567	12,822,454
Total selling, general and administrative expenses	13,746,205	16,190,177	17,336,161	821,379	(531,642)	(531,641)	14,567,384	15,658,535	16,824,520
Income from operations	1,971,676	2,634,343	1,338,878	(821,379)	531,642	331,641	1,150,297	2,565,985	1,879,519
Income before income tax expense (benefit)	1,958,139	2,617,970	1,322,739	(821,379)	531,642	331,641	1,128,760	2,549,612	1,854,380
Income tax expense (benefit)	(364,148)	(645,992)	(624,356)	(246,546)	130,920	224,587	(610,694)	(535,072)	(389,769)
Net income	2,314,287	2,483,962	1,937,095	(574,833)	400,722	307,054	1,739,454	3,084,684	2,244,149
Earnings per share:									
Basic earnings per share	\$ 0.16	\$ 0.19	\$ 0.13	\$ (0.04)	\$ 0.03	\$ 0.03	\$ 0.12	\$ 0.22	\$ 0.16
Diluted earnings per share	\$ 0.16	\$ 0.18	\$ 0.13	\$ (0.04)	\$ 0.03	\$ 0.02	\$ 0.12	\$ 0.21	\$ 0.15

The following table summarizes the effect of the errors on the Company's consolidated income statements for the six-month period ended June 30, 2021 and the nine-month period ended September 30, 2021:

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	As Previously Reported		Adjustments		As Restated	
	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021
Revenues:						
Regional developer fees	\$ 432,390	\$ 642,041	\$ (432,390)	\$ (642,041)	\$ —	\$ —
Total revenues	37,766,762	58,758,383	(432,390)	(642,041)	37,334,372	58,116,342
Cost of revenues:						
Franchise and regional developer cost of revenues	3,411,404	5,319,278	(432,390)	(642,041)	2,979,014	4,677,237
Total cost of revenues	3,805,854	6,103,976	(432,390)	(642,041)	3,371,464	5,461,935
Depreciation and amortization	2,612,884	4,275,140	(1,083,530)	(1,625,295)	1,529,354	2,649,845
General and administrative expenses	21,701,047	34,513,378	1,375,267	1,383,389	23,074,314	35,896,767
Total selling, general and administrative expenses	28,935,974	47,292,135	289,737	(241,906)	30,225,711	47,650,229
Income from operations	4,006,426	5,345,305	(289,737)	241,906	3,716,689	5,587,211
Income before income tax expense (benefit)	3,968,517	5,291,255	(289,737)	241,906	3,678,780	5,333,161
Income tax expense (benefit)	(1,050,140)	(1,644,496)	(115,626)	108,961	(1,145,766)	(1,535,535)
Net income	4,998,657	6,935,751	(174,111)	132,965	4,824,546	7,068,696
Earnings per share:						
Basic earnings per share	\$ 0.35	\$ 0.49	\$ (0.01)	\$ —	\$ 0.34	\$ 0.49
Diluted earnings per share	\$ 0.34	\$ 0.46	\$ (0.02)	\$ 0.01	\$ 0.32	\$ 0.47

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity for the first through third fiscal quarters of 2021:

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	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
Balances, December 31, 2020 (as previously reported)	\$ (20,094,912)	\$ 21,126,152	\$ 21,126,252
Adjustment due to cumulative error correction	(250,220)	(250,220)	(250,220)
Balances, December 31, 2020 (as restated)	<u>\$ (20,345,132)</u>	<u>\$ 20,875,932</u>	<u>\$ 20,876,032</u>
Balances, March 31, 2021 (as previously reported)	\$ (17,780,218)	\$ 23,689,962	\$ 23,690,062
Adjustment due to cumulative error correction	(825,054)	(825,054)	(825,054)
Balances, March 31, 2021 (as restated)	<u>\$ (18,605,272)</u>	<u>\$ 22,864,908</u>	<u>\$ 22,865,008</u>
Balances, June 30, 2021 (as previously reported)	\$ (15,096,255)	\$ 27,299,276	\$ 27,299,376
Adjustment due to cumulative error correction	(424,333)	(424,333)	(424,333)
Balances, June 30, 2021 (as restated)	<u>\$ (15,520,588)</u>	<u>\$ 26,874,943</u>	<u>\$ 26,875,043</u>
Balances, September 30, 2021 (as previously reported)	\$ (13,184,061)	\$ 29,636,817	\$ 29,661,817
Adjustment due to cumulative error correction	(117,278)	(117,278)	(117,278)
Balances, September 30, 2021 (as restated)	<u>\$ (13,301,339)</u>	<u>\$ 29,519,539</u>	<u>\$ 29,544,539</u>

The following table summarizes the effect of the errors on the Company's consolidated statements of cash flows for the three-month period ended March 31, 2021, the six-month period ended June 30, 2021, and the nine-month period ended September 30, 2021:

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	As Previously Reported			Adjustments			As Restated		
	Three Months Ended March 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Three Months Ended March 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Three Months Ended March 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021
Cash flows from operating activities:									
Net income	\$2,314,287	\$4,998,657	\$ 6,935,751	\$ (574,833)	\$ (174,111)	\$ 132,945	\$1,739,454	\$4,824,546	\$7,068,696
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation and amortization	1,169,846	2,612,884	4,275,140	(541,765)	(1,083,530)	(1,625,295)	628,101	1,529,554	2,649,845
Deferred income taxes	(418,810)	(1,380,631)	(1,909,241)	(325,352)	(273,239)	(127,459)	(744,162)	(1,653,870)	(2,036,700)
Changes in operating assets and liabilities:									
Upfront regional developer fees	—	—	—	(143,634)	(212,945)	(376,346)	(143,634)	(212,945)	(376,346)
Deferred revenue	329,383	1,757,294	2,410,202	107,955	177,266	340,666	437,358	1,934,560	2,750,868
Other liabilities	235,116	565,779	852,924	88,929	177,859	266,789	324,045	743,638	1,119,713
Net cash provided by operating activities	2,271,448	9,014,529	12,451,587	(1,388,760)	(1,388,760)	(1,388,760)	882,748	7,625,829	11,062,887
Cash flows from investing activities:									
Acquisition and termination of regional developer rights	(1,388,700)	(1,388,700)	(1,388,700)	1,388,700	1,388,700	1,388,700	—	—	—
Net cash used in investing activities	(2,340,341)	(8,877,659)	(11,264,585)	1,388,700	1,388,700	1,388,700	(951,641)	(7,488,959)	(9,875,885)
Decrease in cash	(2,812,479)	(1,985,284)	(827,347)	—	—	—	(2,812,479)	(1,985,284)	(827,347)

[Table of Contents](#)**Note 15: Subsequent Events**

The employee retention credit ("ERC"), as originally enacted through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020, is a refundable credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 17, 2020 to December 31, 2020. The Disaster Tax Relief Act, enacted on December 27, 2020, extended the employee retention credit for qualified wages paid from January 1, 2021 to June 30, 2021, and the credit was increased to 70% of qualified wages an eligible employer paid to employees during the extended period. The American Rescue Plan Act of 2021, enacted on March 11, 2021, further extended the employee retention credit through December 31, 2021.

In October 2022, the Company filed an application with the IRS for the ERC. Employers are eligible for the credit if they experienced full or partial suspension or modification of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on a comparison of quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The Company's ERC application was equal to 70% of qualified wages paid to employees during the period from January 1, 2021 to June 30, 2021 for a maximum quarterly credit of \$7,000 per employee. In March 2023, the Company received notice from the IRS related to the overpayment of Federal Employment Tax plus interest in the amount of \$4.8 million related to the ERC application. The \$4.8 million ERC is subject to a 20% consulting fee. The Company's eligibility remains subject to audit by the IRS for a period of five years.

~~The Joint Corp. 10-K Annual Report, Item 8~~

~~Financial Statements and Supplementary Data~~

~~For the Fiscal Years Ended~~

~~December 31,~~ “Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Clinics to use, including THE JOINT®, THE JOINT CHIROPRACTIC® and THE JOINT...THE CHIROPRACTIC PLACE®, and the associated logos. The Marks also include any distinctive trade dress used to identify a Clinic or the products it sells.

“Operational Data” means and includes all data and information pertaining to (a) the chiropractic practice and other business Clinic Operator conducts in connection with the Clinic pursuant to the Governing Agreements or (b) the franchised business Franchisee conducts in connection with the Clinic pursuant to the Franchise Agreement, including employee data (including data pertaining to Chiropractic Staff members), expense data, financial accounting data and sales data.

“Parties” is defined in the Introductory Paragraph.

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

“Person” means an individual, legal entity or partnership, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

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

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

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

“We” or “us” is defined in the Introductory Paragraph.

2. APPOINTMENT OF CLINIC OPERATOR. You hereby confirm your appointment of Clinic Operator to serve as the Chiropractic PC that will own and operate the Clinic and employ the Chiropractic Staff.
3. ACCEPTANCE BY CLINIC OPERATOR. Clinic Operator hereby accepts the obligation and responsibility to own and operate the Clinic and employ the Chiropractic Staff who will perform Chiropractic Services at the Clinic and agrees to execute a Management Agreement with you. As used in this Agreement, “ownership of the Clinic” refers to ownership of the chiropractic practice conducted from the Clinic and does not necessarily refer to ownership of the premises or any of the furniture, fixtures, equipment or other assets located within or utilized at the Clinic.

- 4. COMPLIANCE WITH BRAND STANDARDS AND GOVERNING AGREEMENTS.** Subject to any deviations necessary to conform to the Professional Judgment of Clinic Operator or the Chiropractic Staff in accordance with §5 of this Agreement, Clinic Operator agrees to operate the Clinic: (a) in compliance with our brand standards, as set forth in the Manual; (b) in compliance with the Governing Agreements; and (c) in a manner consistent with the provisions of the Franchise Agreement as if Clinic Operator were the franchisee thereunder. Clinic Operator hereby acknowledges receipt of a complete copy of the fully executed Franchise Agreement and represents that it has read, and fully understands, all of the terms and conditions thereof. It is the responsibility of Franchisee to disclose to Clinic Operator such portions of the Manual, and only such portions of the Manual, as are necessary for Clinic Operator to properly perform its obligations in connection with the ownership and operation of the Clinic.
- 5. PROFESSIONAL JUDGMENT.** Neither we nor Franchisee shall engage in any activities that might interfere with the Professional Judgment of Clinic Operator or the Chiropractic Staff. Neither we nor Franchisee control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by Clinic Operator or the Chiropractic Staff. In recognition of these facts, the Parties acknowledge and agree that if any terms within a Governing Agreement or the Manual conflict with the Professional Judgment of Clinic Operator or the Chiropractic Staff, the Professional Judgment of Clinic Operator and the Chiropractic Staff will control, and Clinic Operator and the Chiropractic Staff shall be authorized to act in a manner consistent with their Professional Judgment without being deemed in breach of the Governing Agreements or the Manual. Clinic Operator shall promptly notify us and Franchisee in writing if Clinic Operator or any member of the Chiropractic Staff believes any terms within a Governing Agreement or the Manual conflict with their Professional Judgment.
- 6. INTELLECTUAL PROPERTY.** Subject to applicable privacy Laws and Healthcare Laws, we will own all Business Data pertaining to: (a) Clinic Operator, and the chiropractic practice and other business Clinic Operator conducts in connection with the Clinic pursuant to the Governing Agreements; and (b) Franchisee, and the franchised business Franchisee conducts in connection with the Clinic pursuant to the Franchise Agreement. We grant Clinic Operator a license to use the Business Data solely for purposes of operating the Clinic in accordance with the Governing Agreements and the Manual. Clinic Operator is not granted any other right or license to use our Intellectual Property. The Franchise Agreement grants Franchisee sufficient right and license to use our Intellectual Property in connection with Franchisee's management of the Clinic and rendering of the Management Services in connection therewith.
- 7. IMPROVEMENTS.** If Clinic Operator or any of Clinic Operator's owners or employees (including any member of the Chiropractic Staff) conceives of or develops an Improvement, Clinic Operator must send us and Franchisee a written notice describing the Improvement. Clinic Operator must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us, Franchisee and any other Person we authorize to operate or manage a Clinic, without any obligation to pay royalties or other fees to Clinic Operator or to any of its owners or employees. Clinic Operator or Clinic Operator's owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. If applicable Law precludes any such assignment, then the Improvement shall be perpetually licensed by Clinic Operator or Clinic Operator's owner or employee, as applicable, to us free of charge, with full rights to use, commercialize and sublicense same.
- 8. ACKNOWLEDGMENT OF RIGHTS.** Clinic Operator acknowledges and agrees that: (a) we shall have access to all of Clinic Operator's books and records that relate to the Clinic in the same manner and to the same extent provided in the Franchise Agreement with respect to Franchisee's books and records; (b) we may inspect the Clinic, and the operation of the Clinic by Clinic Operator and the Chiropractic Staff, in accordance with the terms of the Franchise Agreement; and (c) we may audit Clinic Operator's books and records that relate to the Clinic in accordance with the terms of the Franchise Agreement. Clinic Operator agrees to fully cooperate, and to cause the Chiropractic Staff to fully cooperate, with any such inspection or audit conducted by us or any other Person we designate.
- 9. INSURANCE.** Clinic Operator agrees to obtain and maintain all insurance policies required by the Governing Agreements and ensure that they satisfy all requirements in the Governing Agreements and the Manual, including, without limitation, the requirement that all insurance policies be endorsed to name us and our

members, officers, directors, and employees as additional insureds.

10. LEGAL COMPLIANCE. Franchisee and Clinic Operator are solely responsible for ensuring that: (a) the Clinic is operated in full compliance with applicable Laws including, without limitation, all applicable Healthcare Laws; and (b) the Management Agreement, the Management Services performed by Franchisee pursuant to the Management Agreement, and the relationship between Clinic Operator and Franchisee, fully comply with all applicable Healthcare Laws, including CPOM applicable in the state in which the Clinic is located. Clinic Operator and Franchisee must sign any Business Associate Agreement we specify in order to comply with HIPAA; provided, however, that Clinic Operator and Franchisee remain solely responsible for compliance with Healthcare Laws.

11. INDEMNIFICATION. Clinic Operator hereby agrees, as a condition to our approval of Clinic Operator pursuant to §2, to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with any of the following:

- (i) Claims arising from or relating to any acts, errors or omissions of Clinic Operator or any member of the Chiropractic Staff;
- (ii) Claims arising from or relating to Chiropractic Services or other services provided by Clinic Operator or the Chiropractic Staff;
- (iii) Claims arising from or relating to the Management Agreement or the relationship between (a) Clinic Operator and Franchisee, (b) Clinic Operator and the Chiropractic Staff or (c) the Chiropractic Staff and Franchisee;
- (iv) the breach of a Governing Agreement or any other agreement by Clinic Operator;
- (v) libel, slander or disparaging comments made by Clinic Operator or any of its owners, officers, employees or independent contractors regarding the System, a Clinic or an Indemnified Party;
- (vi) any labor, employment or similar type of Claim pertaining to Clinic Operator's employees (including Claims alleging we are a joint employer of Clinic Operator's Chiropractic Staff or other employees) or our relationship with Clinic Operator or its owners (including Claims alleging we are an employer of Clinic Operator and/or any of its owners); or
- (vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating Clinic Operator's employees.

Clinic Operator must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. Clinic Operator may participate in such defense at its expense. Clinic Operator must: (a) fully cooperate and assist the Indemnified Parties with the defense of the Claim; and (b) reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including, without limitation, mediation, arbitration or court expenses, expert fees and travel expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter. Reimbursement is due 30 days after receipt of an invoice itemizing such costs and expenses. This indemnity will continue in full force and effect after, and notwithstanding, the termination, expiration, transfer or assignment of this Agreement.

12. TERMINATION. Clinic Operator and Franchisee acknowledge that any acts or omissions committed by Clinic Operator that would constitute a breach of the Franchise Agreement if such acts or omissions were committed by Franchisee shall constitute a default under the Franchise Agreement notwithstanding the fact the acts or omissions were committed by Clinic Operator. We may terminate this Agreement, effective upon delivery of a written notice of termination to Clinic Operator and Franchisee, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if any Governing Agreement is terminated or expires without renewal;
- (ii) if the business relationship between Clinic Operator and Franchisee is discontinued for any reason;
- (iii) upon the occurrence of any breach of the Management Agreement (or the existence of any facts or circumstances that would constitute a breach of the Management Agreement) that would allow the non-breaching party to terminate the Management Agreement, regardless of whether the non-breaching party chooses to terminate, or refrain from terminating, the Management Agreement; or
- (iv) if Clinic Operator breaches any Governing Agreement (including any mandatory provision in the Manual relevant to the performance of Clinic Operator's obligations under the Governing Agreements) and fails to cure the breach within 30 days after receipt of a default notice from us.

13. LIMITATION OF LIABILITY. Clinic Operator acknowledges and agrees that: (a) Franchisee was solely responsible for (i) soliciting Clinic Operator to own and operate the Clinic, (ii) drafting and negotiating the Management Agreement and (iii) all representations made to Clinic Operator regarding the Clinic or as an inducement to Clinic Operator entering into this Agreement or the Management Agreement; (b) we have no contractual obligations or responsibilities owed to Clinic Operator; and (c) except as otherwise provided below, we shall have no liability to Clinic Operator whatsoever, and any Claims Clinic Operator may have pertaining to the Clinic or the Governing Agreements may only be pursued against Franchisee. Clinic Operator hereby waives the right to bring any Claim against us that in any way arises from or relates to the Clinic, Clinic Operator's relationship with Franchisee and/or the Governing Agreements, except to the extent the Claim directly results from our gross negligence or willful misconduct.

14. DISPUTE RESOLUTION. Any dispute between the Parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

15. MISCELLANEOUS.

15.1. Governing Law. ~~This 2021 and 2020~~

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
The Joint Corp.
Scottsdale, Arizona

Opinion on the Consolidated Financial Statements

We have audited the accompanying balance sheets of The Joint Corp. (the "Company") as of December 31, 2021, the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated March 11, 2022 expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Timing of Recognizing Package Revenue

As described in Notes 1 and 2 to the Company's consolidated financial statements, the Company offers a variety of membership and wellness packages which feature discounted pricing as compared to its single-visit pricing. The Company recognizes a contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which the Company has an ongoing performance obligation. The Company recognizes revenue, as the patient consumes his or her visits related to the package and the Company transfers its services. In addition, breakage revenue is estimated and recognized as revenue in proportion to the pattern of exercised rights.

We identified the timing of recognizing revenue associated with packages as a critical audit matter. The principal considerations that led us to determine this matter as a critical audit matter included the duration of packages, the volume of packages, the timing of when patients utilize the services purchased, and the estimation of the appropriate breakage revenue amounts after

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incorporating differences in laws related to breakage in each jurisdiction. Auditing these elements involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Selecting a sample of packages and agreeing to contracts with customers, and the underlying visit logs to evaluate the fulfillment of the performance obligation.
- Evaluating the assumptions management uses in estimating the breakage revenue recorded related to packages and assessing the completeness and accuracy of historical information utilized by management in estimating breakage.

Determination of Incremental Borrowing Rate for Leases

As described in Notes 1 and 10 of the Company's consolidated financial statements, the Company leases property under operating leases. The measurement of the right of use asset and the associated lease liability requires the determination of an incremental borrowing rate, which involves subjective management judgment.

We identified the determination of the incremental borrowing rates for lease contracts as a critical audit matter. Significant judgment is required by management to develop the incremental borrowing rates for lease contracts. Auditing the reasonableness of the incremental borrowing rates involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Testing the completeness and accuracy of lease contracts included in the Company's lease system.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in: (i) developing synthetic credit ratings for the Company (ii) developing independent estimates of fully collateralized incremental borrowing rates for the lease contracts, and (iii) comparing the independently developed estimates to the Company's incremental borrowing rates.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2021.
Phoenix, Arizona

March 11, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of The Joint Corp. and Subsidiary and Affiliates

Opinion on the Consolidated Financial Statements

We have audited the accompanying balance sheet of The Joint Corp. and subsidiary and affiliates (the "Company") as of December 31, 2020, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Plante & Moran, PLLC

We served as the Company's auditor from 2013-2021.
Denver, Colorado
March 5, 2021

**THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONSOLIDATED BALANCE SHEETS**

ASSETS	December 31, 2021	December 31, 2020 (as revised)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,526,119	\$ 20,554,258
Restricted cash	386,219	265,371
Accounts receivable, net	3,700,810	2,063,221
Deferred franchise and regional development costs, current portion	994,587	897,551
Prepaid expenses and other current assets	2,281,765	1,566,025
Total current assets	26,889,500	25,346,426
Property and equipment, net	14,388,946	8,747,369
Operating lease right-of-use asset	18,425,914	11,581,435
Deferred franchise and regional development costs, net of current portion	5,505,420	4,340,756
Intangible assets, net	5,403,390	2,865,006
Goodwill	5,085,203	4,625,604
Deferred tax assets	9,188,634	7,941,435
Deposits and other assets	567,202	431,336
Total assets	<u>\$ 85,454,209</u>	<u>\$ 65,879,367</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,705,568	\$ 1,561,648
Accrued expenses	1,809,460	770,221
Co-op funds liability	386,219	248,468
Payroll liabilities (\$0.4 million and \$0.2 million attributable to VIEs as of December 31, 2021 and 2020)	3,906,317	2,776,036
Operating lease liability, current portion	4,613,843	2,918,140
Finance lease liability, current portion	49,855	70,507
Deferred franchise and regional development fee revenue, current portion	3,191,892	3,000,369
Deferred revenue from company clinics (\$3.5 million and \$2.5 million attributable to VIEs as of December 31, 2021 and 2020)	5,235,745	3,676,555
Debt under the Paycheck Protection Program	—	2,727,970
Other current liabilities	539,500	707,085
Total current liabilities	21,438,399	18,456,999
Operating lease liability, net of current portion	16,872,093	10,632,672
Finance lease liability, net of current portion	87,939	132,469
Debt under the Credit Agreement	2,000,000	2,000,000
Deferred franchise and regional development fee revenue, net of current portion	15,458,921	13,503,745
Other liabilities	27,230	27,230
Total liabilities	55,884,582	44,753,115
Stockholders' equity:		
Series A preferred stock, \$0.001 par value; 50,000 shares authorized, 0 issued and outstanding, as of December 31, 2021 and 2020	—	—
Common stock, \$0.001 par value; 20,000,000 shares authorized, 14,451,355 shares issued and 14,419,712 shares outstanding as of December 31, 2021 and 14,174,237 shares issued and 14,157,070 outstanding as of December 31, 2020	14,450	14,174
Additional paid-in capital	43,900,157	41,350,001
Treasury stock 31,643 shares as of December 31, 2021 and 17,167 shares as of December 31, 2020, at cost	(850,838)	(143,111)
Accumulated deficit	(13,519,142)	(20,094,912)
Total The Joint Corp. stockholders' equity	29,544,627	21,126,152
Non-controlling interest	25,000	100
Total equity	29,569,627	21,126,252
Total liabilities and stockholders' equity	<u>\$ 85,454,209</u>	<u>\$ 65,879,367</u>

See notes to consolidated financial statements.

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THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONSOLIDATED INCOME STATEMENTS

	Year Ended December 31,	
	2021	2020
Revenues:		
Revenues from company-owned or managed clinics	\$ 44,348,234	\$ 31,757,207
Royalty fees	22,062,989	15,886,051
Franchise fees	2,659,097	2,100,800
Advertising fund revenue	6,298,924	4,506,413
Software fees	3,383,856	2,694,520
Regional developer fees	848,640	876,804
Other revenues	1,257,913	861,181
Total revenues	<u>80,859,653</u>	<u>58,682,976</u>
Cost of revenues:		
Franchise and regional developer cost of revenues	7,408,125	6,090,203
IT cost of revenues	1,105,652	417,265
Total cost of revenues	<u>8,513,777</u>	<u>6,507,468</u>
Selling and marketing expenses	11,424,416	7,804,420
Depreciation and amortization	6,088,947	2,734,462
General and administrative expenses	49,453,305	36,195,817
Total selling, general and administrative expenses	<u>66,966,668</u>	<u>46,734,699</u>
Net loss (gain) on disposition or impairment	26,789	(51,321)
Income from operations	5,352,419	5,492,130
Other expense, net	(69,878)	(79,478)
Income before income tax benefit	5,282,541	5,412,652
Income tax benefit	(1,293,229)	(7,754,662)
Net income	<u>\$ 6,575,770</u>	<u>\$ 13,167,314</u>
Earnings per share:		
Basic earnings per share	\$ 0.46	\$ 0.94
Diluted earnings per share	\$ 0.44	\$ 0.90
Basic weighted average shares	14,319,448	14,003,708
Diluted weighted average shares	14,935,577	14,582,877

See notes to consolidated financial statements.

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THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Treasury Stock			Accumulated Deficit	Total The Joint Corp. stockholder's equity	Non-controlling Interest	Total
	Shares	Amount	Additional Paid In Capital	Shares	Amount				
Balances, December 31, 2019	13,898,694	\$ 13,899	\$ 30,454,937	15,762	\$ (111,041)	\$ (33,637,305)	\$ 5,720,400	\$ (274,195)	\$ 5,720,500
Correction of immaterial error related to deferred revenue	—	—	—	—	—	(274,195)	—	—	(274,195)
Correction of immaterial error related to software fee revenue	—	—	—	—	—	168,050	168,050	—	168,050
Correction of immaterial error related to brokerage revenue	—	—	—	—	—	481,315	481,315	—	481,315
Balances, December 31, 2019, as revised	13,898,694	13,899	30,454,937	15,762	(111,041)	(33,262,225)	6,095,570	100	6,095,670
Stock-based compensation expense	—	—	885,975	—	—	—	885,975	—	885,975
Issuance of restricted stock	50,741	51	(51)	—	—	—	—	—	—
Exercise of stock options	224,802	224	1,009,140	—	—	—	1,009,364	—	1,009,364
Purchases of treasury stock under employee stock plans	—	—	—	1,405	(34,070)	—	(32,665)	—	(32,665)
Net income	—	—	—	—	—	13,167,314	13,167,314	—	13,167,314
Balances, December 31, 2020, as revised	14,174,237	14,174	41,350,001	17,167	(143,111)	(20,094,912)	21,126,152	100	21,126,252
Stock-based compensation expense	—	—	1,056,015	—	—	—	1,056,015	—	1,056,015
Issuance of restricted stock	17,014	17	(17)	—	—	—	—	—	—
Exercise of stock options	260,044	259	1,519,058	—	—	—	1,519,317	—	1,519,317
Purchases of treasury stock under employee stock plans	—	—	—	14,476	(707,727)	—	(707,727)	—	(707,727)
Change in non-controlling interest	—	—	(24,000)	—	—	—	(24,000)	24,000	—
Net income	—	—	—	—	—	6,575,770	6,575,770	—	6,575,770
Balances, December 31, 2021	14,451,355	14,450	43,000,157	31,643	(650,836)	(13,519,142)	29,544,627	25,000	29,569,627

See notes to consolidated financial statements.

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**THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

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	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 6,575,770	\$ 13,167,314
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,088,947	2,734,462
Net loss on disposition or impairment (non-cash portion)	125,237	1,193
Net franchise fees recognized upon termination of franchise agreements	(133,007)	(57,080)
Deferred income taxes	(1,247,198)	(8,097,494)
Stock based compensation expense	1,056,015	885,975
Changes in operating assets and liabilities:		
Accounts receivable	(1,637,589)	794,586
Prepaid expenses and other current assets	(715,740)	(443,547)
Deferred franchise costs	(1,418,235)	(899,056)
Deposits and other assets	(148,516)	(43,380)
Accounts payable	(14,373)	(90,429)
Accrued expenses	886,738	389,973
Payroll liabilities	1,130,281	(68,071)
Deferred revenue	3,624,944	2,206,063
Other liabilities	1,059,506	702,733
Net cash provided by operating activities	15,232,780	11,183,242
Cash flows from investing activities:		
Acquisition of AZ clinics	(1,925,000)	(534,000)
Acquisition of NC clinics	(3,840,135)	—
Purchase of property and equipment	(6,989,534)	(3,156,233)
Reacquisition and termination of regional developer rights	(1,388,700)	(1,039,500)
Payments received on notes receivable	—	128,724
Net cash used in investing activities	(14,143,369)	(4,601,009)
Cash flows from financing activities:		
Payments of finance lease obligation	(80,322)	(57,097)
Purchases of treasury stock under employee stock plans	(707,727)	(32,070)
Proceeds from exercise of stock options	1,519,317	1,009,364
Proceeds from the Credit Agreement, net of related fees	—	1,947,352
Proceeds from the Paycheck Protection Program	—	2,727,970
Repayment of debt under the Paycheck Protection Program	(2,727,970)	—
Net cash (used in) provided by financing activities	(1,996,702)	5,595,519
(Decrease) increase in cash	(907,291)	12,177,752
Cash and restricted cash, beginning of period	20,819,629	8,641,877
Cash and restricted cash, end of period	\$ 19,912,338	\$ 20,819,629
	December 31,	December 31,
	2021	2020
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 19,526,119	\$ 20,554,258
Restricted cash	386,219	265,371
	\$ 19,912,338	\$ 20,819,629

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During the years ended December 31, 2021 and 2020, cash paid for income taxes was \$566,808 and \$237,655, respectively. During the years ended December 31, 2021 and 2020, cash paid for interest was \$69,273 and \$42,833, respectively.

See notes to consolidated financial statements.

Supplemental disclosure of non-cash activity:

As of December 31, 2021, accounts payable and accrued expenses included property and equipment purchases of \$158,293, and \$152,501, respectively. As of December 31, 2020, accounts payable and accrued expenses included property and equipment purchases of \$126,239, and \$163,434, respectively.

In connection with the acquisitions during the year ended December 31, 2021, the Company acquired \$781,605 of property and equipment and intangible assets of \$4,859,313, in exchange for \$5,765,135 to the seller. Additionally, at the time of these transactions, the Company carried net deferred revenue of \$134,539, representing unrecognized net franchise fees collected upon the execution of the franchise agreement. The Company netted this amount against the purchase price of the acquisitions.

In connection with the acquisitions during the year ended December 31, 2020, the Company acquired \$1,625 of property and equipment and intangible assets of \$96,400, in exchange for \$534,000 to the sellers. Additionally, at the time of these transactions, the Company carried net deferred revenue of \$355, representing unrecognized net franchise fees collected upon the execution of the franchise agreement. The Company netted this amount against the purchase price of the acquisitions.

In connection with the Company's reacquisition and termination of regional developer rights during the year ended December 31, 2021, the Company had deferred revenue of \$35,679 representing unrecognized license fees collected upon the execution of the regional developer agreement. The Company netted this amount against the aggregate purchase price of \$1,388,700.

In connection with the Company's reacquisition and termination of regional developer rights during the year ended December 31, 2020, the Company had deferred revenue of \$36,781 representing unrecognized license fees collected upon the execution of the regional developer agreements. The Company netted this amount against the aggregate purchase price of \$1,039,500.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Basis of Presentation

These financial statements represent the consolidated financial statements of The Joint Corp. ("The Joint"), its variable interest entities ("VIEs"), and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the "Company"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses, other (expenses) income, and income taxes that are reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates. For a discussion of significant estimates and judgments made in recognizing revenue, accounting for leases, and accounting for income taxes, see Note 2, "Revenue Disclosures", Note 9, "Income Taxes", and Note 10, "Commitments and Contingencies".

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC, which was dormant for all periods presented. The Company consolidates VIEs in which the Company is the primary beneficiary in accordance with Accounting Standards Codification 810, Consolidations ("ASC 810"). Non-controlling interests represent third-party equity ownership interests in VIEs. All significant inter-affiliate accounts and transactions between The Joint and its VIEs have been eliminated in consolidation.

Comprehensive Income

Net income and comprehensive income are the same for the years ended December 31, 2021 and 2020.

Correction of Immaterial Error

During the third and the fourth quarter of 2021, the Company identified immaterial errors in the following: (i) the calculation of deferred revenue related to wellness packages, (ii) the calculation of software fee revenue, and (iii) the calculation of breakage revenue related to wellness packages. Management assessed the materiality of the errors and determined the impact on the Company's 2020 consolidated financial statements was not material. The December 31, 2020 balance sheet has been revised to correct the errors.

The table below sets forth the impact of the revision on the previously issued consolidated balance sheet:

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	December 31, 2020				
	As Previously	(i)	(ii)	(iii)	As Adjusted
	Reported	Adjustments	Adjustments	Adjustments	
ASSETS					
Accounts receivable, net	1,850,499	—	212,722	—	2,063,221
Total current assets	25,133,704	—	212,722	—	25,346,426
Deferred tax assets	8,007,633	22,153	(44,672)	(43,679)	7,941,435
Total assets	\$ 65,732,843	\$ 22,153	\$ 168,050	\$ (43,679)	\$ 65,879,367
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Deferred revenue from company clinics	3,905,200	296,348	—	(524,993)	3,676,555
Total current liabilities	18,685,644	296,348	—	(524,993)	18,456,999
Total liabilities	44,981,760	296,348	—	(524,993)	44,753,115
Stockholders' equity:					
Accumulated deficit	(20,470,081)	(274,194)	168,050	481,314	(20,094,912)
Total The Joint Corp stockholders' equity	20,750,983	(274,194)	168,050	481,314	21,126,152
Total equity	20,751,083	(274,194)	168,050	481,314	21,126,252
Total liabilities and stockholders' equity	\$ 65,732,843	\$ 22,154	\$ 168,050	\$ (43,679)	\$ 65,879,367

Nature of Operations

The Joint Corp., a Delaware corporation, was formed on March 10, 2010 for the principal purpose of franchising, developing, selling regional developer rights, supporting the operations of franchised chiropractic clinics, and operating and managing corporate chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The following table summarizes the number of clinics in operation under franchise agreements and as company-owned or managed for the years ended December 31, 2021 and 2020:

Franchised clinics:	Year Ended December 31,	
	2021	2020
Clinics open at beginning of period	515	453
Opened during the period	110	70
Sold during the period	(12)	(1)
Closed during the period	(3)	(7)
Clinics in operation at the end of the period	610	515

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Company-owned or managed clinics:	Year Ended December 31,	
	2021	2020
Clinics open at beginning of period	64	60
Opened during the period	20	3
Acquired during the period	12	1
Closed during the period	—	—
Clinics in operation at the end of the period	96	64
Total clinics in operation at the end of the period	706	579
Clinic licenses sold but not yet developed	245	212
Executed letters of intent for future clinic licenses	38	41

Variable Interest Entities

Certain states prohibit the "corporate practice of chiropractic," which restricts business corporations from practicing chiropractic care by exercising control over clinical decisions by chiropractic doctors. In states which prohibit the corporate practice of chiropractic, the Company typically enters into long-term management agreements with professional corporations ("PCs") that are owned by licensed chiropractic doctors, which, in turn, employ or contract with doctors who provide professional chiropractic care in its clinics. Under these management agreements with PCs, the Company provides, on an exclusive basis, all non-clinical services of the chiropractic practice. The Company has entered into such management agreements with two PCs, including one in North Carolina, in connection with the acquisitions on April 1, 2021 and November 1, 2021 (reference Note 3). An entity deemed to be the primary beneficiary of a VIE is required to consolidate the VIE in its financial statements. An entity is deemed to be the primary beneficiary of a VIE if it has both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb the majority of losses of the VIE or the right to receive the majority of benefits from the VIE. In accordance with relevant accounting guidance, these PCs were determined to be VIEs. Such PCs are VIEs, as fees paid by the PCs to the Company as its management service provider are considered variable interests because the fees do not meet all the following criteria: 1) The fees are compensation for services provided and are commensurate with the level of effort required to provide those services; 2) The decision maker or service provider does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIE's expected losses or receive more than an insignificant amount of the VIE's expected residual returns; 3) The service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length. Additionally, the Company has determined that it has the ability to direct the activities that most significantly impact the performance of these PCs and have an obligation to absorb losses or receive benefits which could potentially be significant to the PCs. Accordingly, the PCs are variable interest entities for which the Company is the primary beneficiary and are consolidated by the Company. The carrying amount of the VIEs' assets and liabilities are immaterial as of December 31, 2021 and December 31, 2020, except for amounts collected in advance for membership and wellness packages, which are recorded as deferred revenue. The VIEs' deferred revenue liability balance as of December 31, 2021 and December 31, 2020 was \$3.5 million and \$2.5 million, respectively. The VIEs' payroll liability balance as of December 31, 2021 and December 31, 2020 was \$0.4 million and \$0.2 million, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the period, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company has invested substantially all its cash in short-term bank deposits. The Company had no cash equivalents as of December 31, 2021 and 2020.

Restricted Cash

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Restricted cash relates to cash that franchisees and company-owned or managed clinics contribute to the Company's National Marketing Fund and cash that franchisees provide to various voluntary regional Co-Op Marketing Funds. Cash contributed by franchisees to the National Marketing Fund is to be used in accordance with the Company's Franchise Disclosure Document with a focus on regional and national marketing and advertising. While such cash balance is not legally segregated and restricted as to withdrawal or usage, the Company's accounting policy is to classify these funds as restricted cash.

Accounts Receivable

Accounts receivable primarily represent amounts due from franchisees for royalty fees. The Company records an allowance for credit losses as a reduction to its accounts receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectibility based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2021, and 2020, the Company had no allowance for credit losses on accounts receivable.

Deferred Franchise Costs and Regional Development Costs

Deferred franchise and regional development costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise license or regional development rights. These costs are recognized as an expense, in franchise and regional development cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise or regional developer agreement.

Property and Equipment

Property and equipment are stated at cost or for property acquired as part of franchise acquisitions at fair value at the date of closing. Depreciation is computed using the straight-line method over estimated useful lives, which is generally three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred, major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Capitalized Software

The Company capitalizes certain software development cost, including costs to implement cloud computing arrangements that is a service contract. These capitalized costs are primarily related to software used by clinics for operations and by the Company for the management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Software developed is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life, which is generally three to five years. Implementation costs incurred in connection with a cloud computing arrangement that is a service contract are included in prepaid expenses in the Company's consolidated balance sheets.

Leases

The Company leases property and equipment under operating and finance leases. The Company leases its corporate office space and the space for each of the company-owned or managed clinic in the portfolio. The Company recognizes a right-of-use ("ROU") asset and lease liability for all leases. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the right-of-use asset and lease liability. When available, the Company uses the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of its leases. In such cases, the Company estimates its incremental borrowing rate as the interest rate it would pay to borrow an amount equal to the lease payments over a similar term, with similar collateral as in the lease, and in a similar economic

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environment. The Company estimates these rates using available evidence such as rates imposed by third-party lenders to the Company in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to the Company's estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, the Company recognizes lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. Pre-opening costs are recorded as incurred in general and administrative expenses. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred and are also included in general and administrative expenses on the consolidated income statements.

Intangible Assets

Intangible assets consist primarily of re-acquired franchise and regional developer rights and customer relationships. The Company amortizes the fair value of re-acquired franchise rights over the remaining contractual terms of the re-acquired franchise rights at the time of the acquisition, which generally range from one to nine years. In the case of regional developer rights, the Company generally amortizes the re-acquired regional developer rights over two to seven years. The fair value of customer relationships is amortized over their estimated useful life of two to four years.

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired in the acquisitions of franchises. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are tested for impairment annually and more frequently if a triggering event occurs that makes it more likely than not that the fair value of a reporting unit is below carrying value. As required, the Company performs an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if a triggering event occurs. No impairments of goodwill were recorded for the years ended December 31, 2021 and 2020.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. During the year ended December 31, 2021, certain operating lease right-of-use assets related to closed clinics with a total carrying amount of \$0.5 million was written down to its fair value of \$0.4 million. As a result, the Company recorded a noncash impairment loss of approximately \$0.1 million during the year ended December 31, 2021. No impairments of long-lived assets were recorded for the year ended December 31, 2020.

Advertising Fund

The Company has established an advertising fund for national or regional marketing and advertising of services offered by its clinics. The monthly marketing fee is 2% of clinic sales. The Company segregates the marketing funds collected which are included in restricted cash on its consolidated balance sheets. As amounts are expended from the fund, the Company recognizes a related expense. Such costs are included in selling and marketing expenses on the consolidated income statements.

Co-Op Marketing Funds

Some franchises have established regional Co-Ops for advertising within their local and regional markets. The Company maintains a custodial relationship under which the Co-Op Marketing Funds collected are segregated and used for the purposes specified by the Co-Ops' officers. The Co-Op Marketing Funds are included in restricted cash on the Company's consolidated balance sheets.

Revenue Recognition

The Company generates revenue primarily through its company-owned and managed clinics and through royalties, franchise fees, advertising fund contributions, IT related income and computer software fees from its franchisees.

Revenues from Company-Owned or Managed Clinics. The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety

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of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed. Any unused visits associated with monthly memberships are recognized on a month-to-month basis. The Company recognizes a contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which the Company has an ongoing performance obligation. The Company derecognizes this contract liability, and recognizes revenue, as the patient consumes his or her visits related to the package and the Company transfers its services. If the Company determines that it is not subject to unclaimed property laws for the portion of wellness package that it does not expect to be redeemed (referred to as "breakage") then it recognizes breakage revenue in proportion to the pattern of exercised rights by the patient.

Royalties and Advertising Fund Revenue. The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing and advertising fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of clinic sales over the term of the franchise agreement. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which generally requires a reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price). As the franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement, such sales-based royalties are recognized as franchisee clinic level sales occur. Royalties are collected semi-monthly, two working days after each sales period has ended.

Franchise Fees. The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of ten years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff, site selection, construction/vendor management and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Renewal franchise fees, as well as transfer fees, are also recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Software Fees. The Company collects a monthly fee from its franchisees for use of its proprietary chiropractic software, computer support, and internet services support. These fees are recognized ratably on a straight-line basis over the term of the respective franchise agreement.

Regional Developer Fees. The Company has a regional developer program where regional developers are granted an exclusive geographical territory and commit to a minimum development obligation within that defined territory. Regional developer fees paid to the Company are non-refundable and are recognized as revenue ratably on a straight-line basis over the term of the regional developer agreement, which is considered to begin upon the execution of the agreement. The Company's services under regional developer agreements include site selection, grand opening support for the clinics, sales support for identification of qualified franchisees, general operational support and marketing support to advertise for ownership opportunities. The services provided by the Company are highly interrelated with the development of the territory and the resulting franchise licenses sold by the regional developer and as such are considered to represent a single performance obligation. In addition, regional developers receive fees which are funded by the initial franchise fees collected from franchisees upon the sale of franchises within their exclusive geographical territory and a royalty of 3% of sales generated by franchised clinics in their exclusive geographical territory. Initial fees related to the sale of franchises within their exclusive geographical territory are initially deferred as deferred franchise costs and are recognized as an expense in franchise cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise agreement. Royalties of 3% of sales generated by franchised clinics in their regions are also recognized as franchise cost of revenues as franchisee clinic level sales occur. This 3% fee is funded by the 7% royalties we collect from the franchisees in their regions. Certain regional developer agreements result in the regional developer acquiring the rights to existing royalty streams from clinics already open in the respective territory. In those instances, the revenue associated from the sale of the royalty stream is recognized over the remaining life of the respective franchise agreements.

The Company entered into two regional developer agreements for the year ended December 31, 2020 for which it received approximately \$0.5 million, which was deferred as of the transaction date and is recognized as revenue ratably on a straight-line basis over the term of the regional developer agreement, which is considered to be upon the execution of the agreement. The Company did not enter into a regional developer agreement for the year ended December 31, 2021.

Capitalized Sales Commissions. Sales commissions earned by the regional developers and the Company's sales force are considered incremental and recoverable costs of obtaining a franchise agreement with a franchisee. These costs are deferred and

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then amortized as the respective franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement.

Advertising Costs

Advertising costs are advertising and marketing expenses incurred by the Company, primarily through advertising funds. The Company expenses production costs of commercial advertising upon first airing and expenses the costs of communicating the advertising in the period in which the advertising occurs. Advertising expenses were \$4,116,740 and \$2,640,853, for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

Income taxes are accounted for using a balance sheet approach known as the asset and liability method. The asset and liability method accounts for deferred income taxes by applying the statutory tax rates in effect at the date of the consolidated balance sheets to differences between the book basis and the tax basis of assets and liabilities. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Tax positions are reviewed at least quarterly and adjusted as new information becomes available. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These estimates of future taxable income inherently require significant judgment. To the extent it is considered more likely than not that a deferred tax asset will be not recovered, a valuation allowance is established.

The Company accounts for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits and expenses recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company has not identified any material uncertain tax positions as of December 31, 2021 and 2020, respectively. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2021, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2018 and 2017, respectively.

Earnings per Common Share

Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share is computed by giving effect to all potentially dilutive common shares including restricted stock and stock options.

	Year Ended December 31,	
	2021	2020
Net income	\$ 6,575,770	\$ 13,167,314
Weighted average common shares outstanding - basic	14,319,448	14,003,708
Effect of dilutive securities:		
Unvested restricted stock and stock options	616,129	579,169
Weighted average common shares outstanding - diluted	14,935,577	14,582,877
Basic earnings per share	\$ 0.46	\$ 0.94
Diluted earnings per share	\$ 0.44	\$ 0.90

Potentially dilutive securities excluded from the calculation of diluted net income per common share as the effect would be anti-dilutive were as follows:

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	Year Ended December 31,	
	2021	2020
Unvested restricted stock	58	—
Stock options	4,658	94,294

Stock-Based Compensation

The Company accounts for share-based payments by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

Retirement Benefit Plan

Employees of the Company are eligible to participate in a defined contribution retirement plan, the Joint Corp. 401(k) Retirement Plan (the "401(k) Plan"), under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, employees may contribute their eligible compensation, not to exceed the annual limits set by the IRS. The 401(k) Plan allows the Company to match participants' contributions in an amount determined at the sole discretion of the Company. The Company matched participants' contributions for the years ended December 31, 2021 and 2020, up to a maximum of 4% of the employee's eligible compensation. Employer contributions totaled \$346,561 and \$265,094, for the years ended December 31, 2021 and 2020, respectively.

Loss Contingencies

ASC Topic 450 governs the disclosure of loss contingencies and accrual of loss contingencies in respect of litigation and other claims. The Company records an accrual for a potential loss when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. When the reasonable estimate of the potential loss is within a range of amounts, the minimum of the range of potential loss is accrued, unless a higher amount within the range is a better estimate than any other amount within the range. Moreover, even if an accrual is not required, the Company provides additional disclosure related to litigation and other claims when it is reasonably possible (i.e., more than remote) that the outcomes of such litigation and other claims include potential material adverse impacts on the Company. Legal costs to be incurred in connection with a loss contingency are expensed as such costs are incurred.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to significant estimates and assumptions include the allowance for credit losses, loss contingencies, share-based compensations, useful lives and realizability of long-lived assets, deferred revenue and revenue recognition related to breakage, deferred franchise costs, calculation of ROU assets and liabilities related to leases, realizability of deferred tax assets, impairment of goodwill, intangible assets, other long-lived assets, and purchase price allocations and related valuations.

Recently Adopted Accounting Guidance and Accounting Pronouncements Not Yet Adopted

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04 and ASU 2019-05 (collectively, "Topic 326"). Topic 326 requires measurement and recognition of expected credit losses for financial assets held. The Company adopted Topic 326 on December 31, 2021 and the adoption had no impact on the Company's consolidated financial statements. The Company reviewed other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements upon future adoption.

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Note 2: Revenue Disclosures

Company-owned or Managed Clinics

The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed and in accordance with the Company's breakage policy as discussed in Note 1, Revenue Recognition.

Franchising Fees, Royalty Fees, Advertising Fund Revenue, and Software Fees

The Company currently franchises its concept across 36 states. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing franchise fees (royalties); (c) advertising fees; and (d) software fees. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which generally requires reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price).

The Company recognizes the primary components of the transaction price as follows:

- Initial and renewal franchise fees, as well as transfer fees, are recognized as revenue ratably on a straight-line basis over the term of the respective franchise agreement commencing with the execution of the franchise, renewal, or transfer agreement. As these fees are typically received in cash at or near the beginning of the contract term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable, on the consolidated balance sheet.
- The Company is entitled to a software fee, which is charged monthly. The Company recognizes revenue related to software fees ratably on a straight-line basis over the term of the franchise agreement.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectibility of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, none of which require estimation. The Company believes its franchising arrangements do not contain a significant financing component.

The Company recognizes advertising fees received under franchise agreements as advertising fund revenue.

Regional Developer Fees

The Company currently utilizes regional developers to assist in the development of the brand across certain geographic territories. The arrangement is documented in the form of a regional developer agreement. The arrangement between the Company and the regional developer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the regional developer, but instead represent a single performance obligation, which is the transfer of the development rights to the defined geographic region. The intellectual property subject to the development rights is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting

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the development rights is to provide the regional developer with access to the brand's symbolic intellectual property over the term of the agreement. The services provided by the Company are highly interrelated with the development of the territory and the resulting franchise licenses sold by the regional developer and as such are considered to represent a single performance obligation.

The transaction price in a standard regional developer arrangement primarily consists of the initial and renewal territory fees. The Company recognizes the regional developer fee as revenue ratably on a straight-line basis over the term of the respective regional developer agreement commencing with the execution of the regional developer agreement. As these fees are typically received in cash at or near the beginning of the term of the regional developer agreement, the cash received is initially recorded as a contract liability until recognized as revenue over time.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated income statements appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2021 and 2020. Other revenues primarily consist of merchant income associated with credit card transactions.

Rollforward of Contract Liabilities and Contract Costs

Changes in the Company's contract liability for deferred franchise and regional development fees during the years ended December 31, 2021 and 2020 were as follows:

	Deferred Revenue short and long-term
Balance at December 31, 2019	\$ 15,107,276
Revenue recognized that was included in the contract liability at the beginning of the year	(2,977,604)
Net increase during the year ended December 31, 2020	4,374,442
Balance at December 31, 2020	\$ 16,504,114
Revenue recognized that was included in the contract liability at the beginning of the year	(3,503,417)
Net increase during the year ended December 31, 2021	5,650,116
Balance at December 31, 2021	<u>\$ 18,650,813</u>

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The Company's deferred franchise and development costs represent capitalized sales commissions. Changes during the years ended December 31, 2021 and 2020 were as follows:

	Deferred Franchise and Development Costs short and long-term
Balance at December 31, 2019	\$ 4,392,733
Recognized as cost of revenue during the year	(850,912)
Net increase during the year ended December 31, 2020	1,696,486
Balance at December 31, 2020	\$ 5,238,307
Recognized as cost of revenue during the year	(1,099,892)
Net increase during the year ended December 31, 2021	2,361,592
Balance at December 31, 2021	<u>\$ 6,500,007</u>

The following table illustrates revenues expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of December 31, 2021:

Contract liabilities expected to be recognized in	Amount
2022	\$ 3,191,892
2023	2,881,296
2024	2,419,922
2025	2,220,200
2026	2,114,736
Thereafter	5,822,767
Total	<u>\$ 18,650,813</u>

Note 3: Acquisitions

On April 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller two operating franchises in Phoenix, Arizona (the "AZ Clinics Purchase"). The Company operates the franchises as company-owned clinics. The total purchase price for the transaction was \$1,925,000, less \$29,417 of net deferred revenue, resulting in total purchase consideration of \$1,895,583. Based on the terms of the purchase agreement, the AZ Clinics Purchase has been treated as a business combination under U.S. GAAP using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

The allocation of the purchase price was as follows:

Property and equipment	\$ 4,928
Operating lease right-of-use asset	651,197
Intangible assets	1,579,500
Total assets acquired	2,235,625
Goodwill	459,599
Deferred revenue	(123,976)
Operating lease liability - current portion	(49,303)
Operating lease liability - net of current portion	(626,362)
Net purchase consideration	<u>\$ 1,895,583</u>

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Intangible assets in the table above consist of re-acquired franchise rights of \$1,376,400 amortized over an estimated useful lives of eight to nine years and customer relationships of \$203,100 amortized over an estimated useful life of three years. The fair value of re-acquired franchise rights are estimated using the multi-period excess earnings method. The multi-period excess earnings method model estimates revenues and cash flows derived from the primary asset and then deducts portions of the cash flow that can be attributed to supporting assets, such as assembled workforce and working capital that contributed to the generation of the cash flows. The resulting cash flow, which is attributable solely to the primary asset acquired, is then discounted at a rate of return commensurate with the risk of the asset to calculate a present value. Customer relationships are also calculated using the multi-period excess earnings method.

Goodwill represents the excess of the purchase consideration over the fair value of the underlying acquired net tangible and intangible assets. The factors that contributed to the recognition of goodwill included synergies and benefits expected to be gained from leveraging the Company's existing operations and infrastructures, as well as the expected associated revenue and cash flow projections. Goodwill has been allocated to the Company's Corporate Clinics segment based on such expected benefits. Goodwill related to the acquisition is expected to be deductible for income tax purposes over 15 years. The Company finalized the purchase price allocation during the fourth quarter of 2021.

On April 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller six operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transaction was \$2,568,028, less \$58,441 of net deferred revenue, resulting in total purchase consideration of \$2,509,587.

On November 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in North Carolina (collectively, including the April 1st purchase, the "NC Clinics Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transaction was \$1,272,107, less \$46,681 of net deferred revenue, resulting in total purchase consideration of \$1,225,426.

Based on the terms of the purchase agreement, the NC Clinics Purchase has been treated as an asset purchase under U.S. GAAP as there were no outputs or processes to generate outputs acquired as part of this transaction. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the purchase price for the six North Carolina clinics on April 1, 2021, was as follows:

Property and equipment	\$	524,046
Operating lease right-of-use asset		865,813
Intangible assets		<u>2,187,472</u>
Total assets acquired		3,577,331
Deferred revenue		(244,998)
Operating lease liability - current portion		(185,181)
Operating lease liability - net of current portion		<u>(637,565)</u>
Net purchase consideration	\$	2,509,587

Intangible assets in the table above consist of reacquired franchise rights of \$1,195,327 amortized over an estimated useful lives of three to four years and customer relationships of \$992,145 amortized over an estimated useful life of three years.

The allocation of the purchase price for the four North Carolina clinics on November 1, 2021, was as follows:

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Property and equipment	\$	252,631
Operating lease right-of-use asset		1,341,482
Intangible assets		1,092,341
Total assets acquired		2,686,454
Deferred revenue		(144,383)
Operating lease liability - current portion		(135,784)
Operating lease liability - net of current portion		(1,180,861)
Net purchase consideration	\$	1,225,426

Intangible assets in the table above primarily consist of reacquired franchise rights of \$977,244 amortized over an estimated useful lives of four to nine years and customer relationships of \$55,786 amortized over an estimated useful life of two years.

Pro Forma Results of Operations (Unaudited)

The following table summarizes selected unaudited pro forma consolidated income statements for the years ended December 31, 2021 and 2020, for all 2021 acquisitions, as if both the AZ Clinics Purchase (which has been accounted for as a business combination) and the NC Clinics Purchase (which has been accounted for as an asset purchase) in 2021 had been completed on January 1, 2020.

	Year Ended December 31,	
	2021	2020
Revenues, net	\$ 81,916,577	\$ 59,685,319
Net income	6,481,836	12,965,799

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the purchases had taken place on January 1, 2020 or of results that may occur in the future. For 2021, this information includes actual data recorded in the Company's consolidated financial statements for the period subsequent to the date of the acquisition.

The Company's consolidated income statements for the year ended December 31, 2021 include net revenue and net income of the acquired clinics in Arizona and North Carolina as follows:

	Year Ended December 31,	
	2021	
Revenues, net	\$	3,175,914
Net income		736,714

Note 4: Property and Equipment

Property and equipment consist of the following:

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	December 31,	
	2021	2020
Office and computer equipment	\$ 3,704,425	\$ 2,194,348
Leasehold improvements	13,457,765	8,391,675
Internally developed software	5,044,339	1,193,007
Finance lease assets	267,252	282,027
	<u>22,473,780</u>	<u>12,061,057</u>
Accumulated depreciation and amortization	(9,184,932)	(6,890,837)
	<u>13,288,847</u>	<u>5,170,220</u>
Construction in progress	1,100,099	3,577,149
Property and Equipment, net	<u>\$ 14,388,946</u>	<u>\$ 8,747,369</u>

Depreciation expense was \$2,329,697 and \$1,212,683 for the years ended December 31, 2021 and 2020, respectively.

Amortization expense related to finance lease assets was \$85,300 and \$67,874 for the years ended December 31, 2021 and 2020, respectively.

Construction in progress at December 31, 2021 principally related to development and construction costs for the Company-owned or managed clinics. Construction in progress at December 31, 2020 principally relate to development costs for software used by clinics for operations and by the Company for the management of operations.

Note 5: Fair Value Consideration

The Company's financial instruments include cash, restricted cash, accounts receivable, notes receivable, accounts payable, accrued expenses and notes payable. The carrying amounts of its financial instruments approximate their fair value due to their short maturities.

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2021, and 2020, the Company did not have any financial instruments that were measured on a recurring basis as Level 1, 2 or 3.

The Company's non-financial assets, which primarily consist of goodwill, intangible assets, property, plant and equipment, and operating lease right-of-use assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their carrying amount. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable (and at least annually for goodwill), non-financial assets are assessed for impairment. If the fair value is determined to be lower than the carrying amount, an impairment charge is recorded to write down the asset to its fair value, which is considered Level 3 within the fair value hierarchy.

During the year ended December 31, 2021, certain operating lease right-of-use assets related to closed clinics with a total carrying amount of \$0.5 million were written down to their fair value of \$0.4 million. Fair value of the Company's operating lease right-of-use assets was determined based on the discounted cash flows of the estimated market rents. As a result, the

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Company recorded a noncash impairment loss of approximately \$0.1 million during the year ended December 31, 2021. No impairments of long-lived assets were recorded for the year ended December 31, 2020.

Note 6: Intangible Assets and Goodwill

On January 1, 2021, the Company entered into an agreement under which the Company repurchased the right to develop franchises in various counties in Georgia. The total consideration for the transaction was \$1,388,700. The Company carried a deferred revenue balance associated with this transaction of \$35,679, representing the unrecognized fee collected upon the execution of the regional developer agreement. The Company accounted for the termination of development rights associated with unsold or undeveloped franchises as a cancellation, and the associated deferred revenue was netted against the aggregate purchase price. The Company recognized the net amount of \$1,353,021 as reacquired development rights in January 2021, which is amortized over the remaining original contract period of approximately 13 months.

During 2021, the Company recognized \$3,548,971, \$1,251,031, and \$59,311 of reacquired franchise rights, customer relationships, and assembled workforce, respectively, from the acquisitions (reference Note 3).

Intangible assets consisted of the following:

	December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	\$ 6,795,865	\$ 3,153,037	\$ 3,642,828
Customer relationships	2,603,006	1,587,443	1,015,563
Reacquired development rights	4,406,221	3,715,594	690,627
Assembled workforce	59,311	4,939	54,372
	<u>\$ 13,864,403</u>	<u>\$ 8,461,013</u>	<u>\$ 5,403,390</u>

	December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	\$ 3,246,894	\$ 2,107,730	\$ 1,139,164
Customer relationships	1,351,975	1,130,800	221,175
Reacquired development rights	3,053,201	1,548,534	1,504,667
	<u>\$ 7,652,070</u>	<u>\$ 4,787,064</u>	<u>\$ 2,865,006</u>

The following is the weighted average amortization period for the Company's intangible assets:

	Amortization (Years)
Reacquired franchise rights	5.8
Customer relationships	2.5
Reacquired development rights	3.3
Assembled workforce	2.0
All intangible assets	4.4

Amortization expense related to the Company's intangible assets was \$3,673,950 and \$1,453,905 for the years ended December 31, 2021 and 2020, respectively.

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Estimated amortization expense for 2022 and subsequent years is as follows:

2022	\$ 2,269,517
2023	1,205,732
2024	637,945
2025	357,842
2026	258,438
Thereafter	673,916
Total	<u>\$ 5,403,390</u>

The changes in the carrying amount of goodwill were as follows:

	Corporate Clinic Segment
Balance as of December 31, 2020	
Goodwill, gross	\$ 4,680,598
Accumulated impairment losses	(54,994)
Goodwill, net	4,625,604
2021 acquisition	459,599
Balance as of December 31, 2021	
Goodwill, gross	5,140,197
Accumulated impairment losses	(54,994)
Goodwill, net	<u>\$ 5,085,203</u>

Note 7: Debt

Credit Agreement

On February 28, 2020, the Company entered into a Credit Agreement (the "Credit Agreement"), with JPMorgan Chase Bank, N.A., individually, and as Administrative Agent and Issuing Bank ("JPMorgan Chase" or the "Lender"). The Credit Agreement provides for senior secured credit facilities (the "Credit Facilities") in the amount of \$7,500,000, including a \$2,000,000 revolver (the "Revolver") and \$5,500,000 development line of credit (the "Line of Credit"). The Revolver includes amounts available for letters of credit of up to \$1,000,000 and an uncommitted additional amount of \$2,500,000. All outstanding principal and interest on the Revolver are due on February 28, 2022. Principal and interest outstanding on the Line of Credit at the end of the first year are converted to a term loan payable in 36 monthly payments with a final maturity date of March 31, 2024. Principal amounts on the Line of Credit borrowed during the second year plus interest thereon which are outstanding at the end of the second year are converted to a second term loan payable in 36 monthly payments with a final maturity date of March 31, 2025. Borrowings under the Credit Facilities bear interest at a rate equal to an applicable margin, which is a one-, three- or six-month reserve adjusted Eurocurrency rate plus 2.00% or, at the election of the Company, an alternative base rate plus 1.00%. The alternative base rate is the greatest of the prime rate, the Federal Reserve Bank of New York rate plus 0.50% and the one-month reserve adjusted Eurocurrency plus 1.00%. Unused portions of the Credit Facilities bear interest at a rate equal to 0.25% per annum. If the current Eurocurrency rate is no longer available or representative, the loan agreement provides a mechanism for replacing that benchmark rate. The Credit Facilities are pre-payable at any time without penalty, other than customary breakage fees, and any voluntary repayments made by the Company would reduce the future required repayment amounts.

The Credit Facilities contain customary events of default, including but not limited to nonpayment, material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; and certain fundamental changes such as a merger or sale of substantially all assets (as further defined in the Credit Facilities). The Credit Facilities require the Company to comply with customary affirmative, negative and financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the Credit Facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately

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due and payable. The Credit Facilities are collateralized by substantially all of the Company's assets, including the assets in the Company's company-owned or managed clinics. The Company intends to use the Revolver for general working capital needs and the Line of Credit for acquiring and developing new chiropractic clinics.

On March 18, 2020, the Company drew down \$2,000,000 under the Revolver as a precautionary measure in order to further strengthen its cash position and provide financial flexibility in light of the uncertainty in the global markets resulting from the COVID-19 outbreak. As of December 31, 2021, the Company was in compliance with all applicable financial and non-financial covenants under the Credit Agreement, and the full \$2,000,000 remains outstanding as of December 31, 2021. The interest rate on funds borrowed under the Revolver as of December 31, 2021 was 2.25%.

Paycheck Protection Program Loan

On April 10, 2020, the Company received a loan in the amount of approximately \$2.7 million from JPMorgan Chase Bank, N.A. (the "Loan"), pursuant to the Paycheck Protection Program (the "PPP") administered by the United States Small Business Administration. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act, which provides for forgiveness of up to the full principal amount and accrued interest of qualifying loans guaranteed under the PPP. The Loan was granted pursuant to a Note dated April 9, 2020 issued by the Company. The Note had a maturity date of April 11, 2022 and bore interest at a rate of 0.98% per annum. On March 4, 2021, the Company elected to repay the full principal and accrued interest on the PPP Loan of approximately \$2.7 million without prepayment penalty, in accordance with the terms of the PPP loan.

Note 8: Stock-Based Compensation

The Company grants stock-based awards under its 2014 Incentive Stock Plan (the "2014 Plan"). The shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the 2014 Plan: (i) non-qualified stock options; (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; and (v) restricted stock units. Each award granted under the 2014 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, and such other terms and conditions as the plan committee determines. Awards granted under the 2014 Plan are classified as equity awards, which are recorded in stockholders' equity in the Company's consolidated balance sheets. Through December 31, 2021, the Company has granted under the 2014 Plan (i) non-qualified stock options; (ii) incentive stock options; and (iii) restricted stocks. There were no stock appreciation rights and restricted stock units granted under the 2014 Plan as of December 31, 2021.

Stock Options

The Company's closing price on the date of grant is the basis of fair value of its common stock used in determining the value of share-based awards. To the extent the value of the Company's share-based awards involves a measure of volatility, the Company uses available historical volatility of the Company's common stock over a period of time corresponding to the expected stock option term. The Company uses the simplified method to calculate the expected term of stock option grants to employees as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. Accordingly, the expected life of the options granted is based on the average of the vesting term, which is generally four years and the contractual term, which is generally ten years. The Company will continue to evaluate the appropriateness of utilizing such method. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

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The Company has computed the fair value of all options granted using the Black-Scholes-Merton model during the years ended December 31, 2021 and 2020, using the following assumptions:

	Year Ended December 31,	
	2021	2020
Expected volatility	57%	53% to 58%
Expected dividends	None	None
Expected term (years)	7	7
Risk-free rate	0.97% to 1.27%	0.42% to 1.65%

The information below summarizes the stock options activity:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2019	949,245	\$ 5.19	6.5	
Granted at market price	111,158	14.76		
Exercised	(224,802)	4.49		\$ 3,234,018
Cancelled	—	—		
Outstanding at December 31, 2020	835,601	\$ 6.65	6.6	\$ 16,153,117
Granted at market price	48,192	47.01		
Exercised	(260,044)	5.84		\$ 15,244,054
Cancelled	(28,660)	18.17		
Outstanding at December 31, 2021	595,089	\$ 9.72	5.9	\$ 33,336,794
Exercisable at December 31, 2021	422,850	\$ 5.08	5.0	\$ 25,629,374
Vested and expected to vest at December 31, 2021	585,703	\$ 9.45	5.8	\$ 32,962,812

The weighted-average grant-date fair value of the Company's stock options granted during 2021 and 2020 was \$26.40 and \$7.88, respectively.

The aggregate fair value of the Company's stock options vested during 2021 and 2020 was \$481,404 and \$427,263, respectively.

The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%. For the years ended December 31, 2021 and 2020, stock-based compensation expense for stock options was \$625,291 and \$517,431, respectively.

Unrecognized stock-based compensation expense for stock options as of December 31, 2021 was \$1,459,789, which is expected to be recognized ratably over the next 2.7 years.

Restricted Stock

Restricted stock awards granted to employees generally vest in four equal annual installments. Restricted stock awards granted to non-employee directors vest on the earlier of (i) one year from the grant date and (ii) the date of the next annual meeting of the shareholders of the Company occurring after the date of grant.

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The information below summarizes the restricted stock activity:

Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value per Award
Non-vested at December 31, 2020	45,595	\$ 13.13
Granted	10,010	58.25
Vested	(26,143)	13.61
Cancelled	(1,742)	20.63
Non-vested at December 31, 2021	27,720	\$ 28.51

For the years ended December 31, 2021 and 2020, stock-based compensation expense for restricted stock was \$430,724 and \$368,544, respectively. Unrecognized stock-based compensation expense for restricted stock awards as of December 31, 2021 was \$496,760 to be recognized ratably over two years.

Tax Benefits

Net income for 2021 and 2020 included pre-tax expense related to stock based compensation of \$1.1 million and \$0.9 million, respectively. The company recognized income tax benefits of \$3.3 million and \$0.4 million from the exercises of stock options and restricted stock awards, for 2021 and 2020, respectively.

Note 9: Income Taxes

Income tax benefit reported in the consolidated income statements is comprised of the following:

	December 31,	
	2021	2020
Current provision:		
Federal	\$ —	\$ —
State, net of state tax credits	(46,031)	342,832
Total current (benefit) provision	(46,031)	342,832
Deferred benefit:		
Federal	(969,628)	(6,074,433)
State	(277,570)	(2,023,061)
Total deferred (benefit)	(1,247,198)	(8,097,494)
Total income tax (benefit)	\$ (1,293,229)	\$ (7,754,662)

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The following are the components of the Company's deferred tax assets (liabilities) for federal and state income taxes:

	December 31,	
	2021	2020
Deferred income tax assets:		
Accrued expenses	\$ 938,916	\$ 697,411
Deferred revenue	4,546,130	5,103,496
Lease liability	5,839,233	3,696,955
Goodwill - component 2	53,946	51,536
Nonqualified stock options	255,921	249,127
Net operating loss carryforwards	4,210,605	1,995,293
Tax credits	35,850	35,850
Intangibles	1,719,484	890,440
Total deferred income tax assets	<u>17,600,085</u>	<u>12,720,108</u>
Deferred income tax liabilities:		
Lease right-of-use asset	(5,022,052)	(3,153,951)
Deferred franchise costs	(122,431)	(291,915)
Goodwill - component 1	(405,964)	(321,967)
Asset basis difference related to property and equipment	(1,902,389)	(256,487)
Restricted stock compensation	(98,958)	(68,703)
Total deferred income tax liabilities	<u>(7,551,794)</u>	<u>(4,093,023)</u>
Valuation allowance	(859,657)	(685,650)
Net deferred tax asset	<u>\$ 9,188,634</u>	<u>\$ 7,941,435</u>

As of December 31, 2019, the Company maintained a valuation allowance of \$9.6 million against its deferred tax assets because there was insufficient positive evidence to overcome the existing negative evidence such that it was not more likely than not that the deferred tax assets were realizable. While the Company reported pre-tax income for the year ended December 31, 2019 and 2018, the Company continued to maintain the valuation allowance through the third quarter of 2020 due to the lack of sustained profitability over the three-year period. As of December 31, 2020, The Joint Corp., without the VIE, reported another pre-tax income for the year, resulting in a cumulative three-year pre-tax profit. After weighing all the evidence, management determined that it was more likely than not that the deferred tax assets were realizable and, therefore, the valuation allowance was no longer required for The Joint Corp. As a result, the Company released the valuation allowance against all of the U.S. federal and state deferred tax assets during the fourth quarter of 2020 related to The Joint Corp., without the VIE. Accordingly, the Company recorded a \$8.9 million income tax benefit for the year ended December 31, 2020 for the reversal of its deferred tax valuation allowance.

The Joint Corp., without the VIE, has federal net operating loss carryforwards of \$17.1 million and \$7.7 million as of December 31, 2021 and 2020, respectively. \$11.1 million of the federal net operating loss is subject to a 20 year carryforward, with a portion beginning to expire in 2036. \$6.0 million of the federal net operating loss has an indefinite carryforward period.

The Joint Corp., without the VIE, has various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2025.

The Joint Corp. has research and development credits of \$14,229 that will begin to expire in 2031 and \$21,621 California AMT credits that do not expire.

The VIEs have net operating loss carryforwards of \$29.4 million and \$28.5 million as of December 31, 2021 and 2020, respectively. \$17.3 million of the federal net operating loss is subject to a 20 year carryforward, with a portion beginning to expire in 2036. \$12.1 million of the federal net operating loss has an indefinite carryforward period. The VIEs have various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2036. These federal and state net operating loss carryforwards are reserved with a full valuation allowance because, based on the available evidence and due to the

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structures of the management service agreements, the Company believes it is more likely than not that the Company would not be able to utilize those deferred tax assets in the future. Since the VIEs are separate legal entities and do not file consolidated tax returns with The Joint Corp, the net operating losses from the VIEs cannot offset income from The Joint Corp or vice versa.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income, compared to the income tax benefit in the consolidated income statements:

	For the Years Ended December 31,			
	2021		2020	
	Amount	Percent	Amount	Percent
Expected federal tax expense	\$ 1,109,334	21.0 %	\$ 1,136,657	21.0 %
State tax provision, net of federal benefit	(382,181)	(7.2)%	277,401	5.1 %
Change in valuation allowance	174,008	3.3 %	(8,877,736)	(164.0)%
Other permanent differences	311,360	5.9 %	123,913	2.3 %
Stock compensation	(2,519,083)	(47.7)%	(398,007)	(7.4)%
Other adjustments	13,333	0.3 %	(16,890)	(0.3)%
Benefit	\$ (1,293,229)	(24.4)%	\$ (7,754,662)	(143.3)%

Changes in the Company's income tax benefit relate primarily to the release of valuation allowance in 2020, as well as changes in pre-tax income during the year ended December 31, 2021, as compared to year ended December 31, 2020. For the years ended December 31, 2021 and December 31, 2020, effective tax rates were (24.5)% and (143.3)% , respectively. The difference between the statutory federal income tax rate and the Company's effective tax rate was primarily due to state taxes, the valuation allowance (for 2020), and stock-based compensation.

For the years ended December 31, 2021 and December 31, 2020, the Company had no uncertain tax positions or interest and penalties related to uncertain tax positions. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses, if any.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2021, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2018 and 2017, respectively.

Note 10: Commitments and Contingencies

Leases

The table below summarizes the components of lease expense and income statement location for the years ended December 31, 2021 and December 31, 2020:

	Line Item in the Company's Consolidated Income Statements	Years Ended December 31,	
		2021	2020
Finance lease costs:			
Amortization of assets	Depreciation and amortization	\$ 85,300	\$ 67,874
Interest on lease liabilities	Other expense, net	9,012	11,575
Total finance lease costs		\$ 94,312	\$ 79,449
Operating lease costs	General and administrative expenses	\$ 4,590,571	\$ 3,552,395
Total lease costs		\$ 4,684,883	\$ 3,631,844

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Supplemental information and balance sheet location related to leases is as follows:

	Years Ended December 31,	
	2021	2020
Operating Leases:		
Operating lease right-of-use asset	\$18,425,914	\$11,581,435
Operating lease liability, current portion	\$ 4,613,843	\$ 2,918,140
Operating lease liability, net of current portion	16,872,093	10,632,672
Total operating lease liability	<u>\$21,485,936</u>	<u>\$13,550,812</u>
Finance Leases:		
Property and equipment, at cost	\$ 267,252	\$ 282,027
Less accumulated amortization	(147,937)	(92,549)
Property and equipment, net	<u>\$ 119,315</u>	<u>\$ 189,478</u>
Finance lease liability, current portion	\$ 49,855	\$ 70,507
Finance lease liability, net of current portion	87,939	132,469
Total finance lease liabilities	<u>\$ 137,794</u>	<u>\$ 202,976</u>
Weighted average remaining lease term (in years):		
Operating leases	5.4	4.7
Finance lease	3.6	4.1
Weighted average discount rate:		
Operating leases	4.6 %	8.5 %
Finance leases	4.8 %	5.3 %

Supplemental cash flow information related to leases is as follows:

	Years Ended December 31,	
	2021	2020
Cash paid for amounts included in measurement of liabilities:		
Operating cash flows from operating leases	\$ 4,484,737	\$ 3,462,848
Operating cash flows from finance leases	9,012	11,575
Financing cash flows from finance leases	80,322	57,097
Non-cash transactions: ROU assets obtained in exchange for lease liabilities		
Operating lease	10,007,188	1,869,080
Finance lease	15,140	201,423

Maturities of lease liabilities as of December 31, 2021 are as follows:

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	Operating Leases	Finance Lease
2022	\$ 5,461,181	\$ 54,371
2023	4,804,873	27,600
2024	4,289,146	27,600
2025	3,852,159	27,600
2026	2,002,135	11,500
Thereafter	3,657,317	—
Total lease payments	24,066,811	148,671
Less: Imputed interest	(2,580,875)	(10,877)
Total lease obligations	21,485,936	137,794
Less: Current obligations	(4,613,843)	(49,855)
Long-term lease obligation	<u>\$ 16,872,093</u>	<u>\$ 87,939</u>

During the fourth quarter of 2021, the Company entered into various operating leases for its new corporate clinics' spaces that have not yet commenced. These leases are expected to result in additional ROU asset and liability of approximately \$1.8 million. These leases are expected to commence during the first quarter of 2022, with lease terms of five to ten years.

Litigation

In the normal course of business, the Company is party to litigation and claims from time to time. The Company maintains insurance to cover certain litigation and claims. In June 2021, the Company received a draft complaint from an employee, claiming that the Company had vicarious and other liability with respect to alleged wrongful acts committed by a former employee. In February 2022, the claim was settled for a total of \$750,000. The settlement liability accrual of \$750,000 is included in accrued expenses in its consolidated balance sheet as of December 31, 2021 and in general and administrative expenses in its consolidated income statement for the year ended December 31, 2021. The Company also recorded a \$250,000 insurance recovery asset associated with the settlement. This insurance recovery was recognized as a reduction of general and administrative expenses in its consolidated income statement for the year ended December 31, 2021.

Note 11: Segment Reporting

An operating segment is defined as a component of an enterprise for which discrete financial information is available and is reviewed regularly by the Chief Operating Decision Maker ("CODM") to evaluate performance and make operating decisions. The Company has identified its CODM as the Chief Executive Officer.

The Company has two operating business segments. The Corporate Clinics segment is comprised of the operating activities of the company-owned or managed clinics. As of December 31, 2021, the Company operated or managed 96 clinics under this segment. The Franchise Operations segment is comprised of the operating activities of the franchise business unit. As of December 31, 2021, the franchise system consisted of 610 clinics in operation. Corporate is a non-operating segment that develops and implements strategic initiatives and supports the Company's two operating business segments by centralizing key administrative functions such as finance and treasury, information technology, insurance and risk management, legal and human resources. Corporate also provides the necessary administrative functions to support the Company as a publicly-traded company. A portion of the expenses incurred by Corporate are allocated to the operating segments.

The tables below present financial information for the Company's two operating business segments.

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	Year Ended December 31,	
	2021	2020
Revenues:		
Corporate clinics	\$ 44,348,234	\$ 31,757,207
Franchise operations	36,511,419	26,925,769
Total revenues	\$ 80,859,653	\$ 58,682,976
Depreciation and amortization:		
Corporate clinics	\$ 5,446,663	\$ 2,503,181
Franchise operations	334,945	—
Corporate administration	307,339	231,281
Total depreciation and amortization	\$ 6,088,947	\$ 2,734,462
Segment operating income:		
Corporate clinics	\$ 4,432,872	\$ 4,508,990
Franchise operations	16,706,643	12,561,278
Total segment operating income	\$ 21,139,515	\$ 17,070,268
Reconciliation of total segment operating income to consolidated earnings before income taxes:		
Total segment operating income	\$ 21,139,515	\$ 17,070,268
Unallocated corporate	(15,787,096)	(11,578,138)
Consolidated income from operations	5,352,419	5,492,130
Bargain purchase gain	—	—
Other (expense), net	(69,878)	(79,478)
Income before income tax expense	\$ 5,282,541	\$ 5,412,652
	December 31,	December 31,
	2021	2020
Segment assets:		
Corporate clinics	\$ 40,722,898	\$ 24,928,311
Franchise operations	12,593,912	9,957,097
Total segment assets	\$ 53,316,810	\$ 34,885,408
		(As Revised)
Unallocated cash and cash equivalents and restricted cash	\$ 19,912,338	\$ 20,819,629
Unallocated property and equipment	857,176	1,063,815
Other unallocated assets	11,367,885	9,110,515
Total assets	\$ 85,454,209	\$ 65,879,367

"Unallocated cash and cash equivalents and restricted cash" relates primarily to corporate cash and cash equivalents and restricted cash (see Note 1), "unallocated property and equipment" relates primarily to corporate fixed assets, and "other unallocated assets" relates primarily to deposits, prepaid and other assets.

Note 12: Other Comments

COVID-19 Update

The COVID-19 outbreak continues to be fluid, and the extent to which the pandemic will impact the Company's business remains uncertain. The Company's 2020 revenue and earnings were negatively impacted compared to its pre-COVID-19 pandemic expectations, and the pandemic may have a negative impact on the Company's revenue and net income in 2022. Public health officials and medical professionals have warned that a resurgence of COVID-19 cases may continue, particularly if vaccination rates do not increase or if additional potent variants emerge, which may impact the general economic recovery. The ongoing economic impacts and health concerns associated with the pandemic may continue to affect patient behavior and spending levels and could result in reduced visits and patient spending trends that adversely impact the Company's financial position and results of operations. Until the COVID-19 pandemic has been resolved as a public health crisis, it retains the potential to cause further and more severe disruption of global and national economies. The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, state, or local authorities, or that it determines are in the best interests of its employees and patients.

Note 13: Related Party Transaction

Between January 2019 and April 2019, the Company sold three franchise licenses to three entities owned by Cowboy Chiro LLC (collectively, the "Entities") at \$29,900 each (which reflects the \$10,000 multi-unit discount per the Franchise Disclosure Document, as one or more equity owner of the Entities has purchased a license previously). Glenn Krevlin, the Company's director, was a minority owner of the Entities, owning a 29.75% interest. In December 2021, Mr. Krevlin sold all of his interests in the Entities. The transaction involved terms no less favorable to the Company than those that would have been obtained in the absence of such affiliation.

Activity with the Entities is summarized below:

	For the Year Ended December 31,	
	2021	2020
Royalty fees	\$ 100,243	\$ 52,364
Franchise fees	8,970	8,995
Advertising fund revenue	28,641	14,961
Software fees	21,564	21,564
Total revenue from related parties	\$ 159,418	\$ 97,884

Note 14: Subsequent Event

On February 28, 2022, the Company entered into an amendment to its Credit Facilities (as amended, the "2022 Credit Facility") with the Lender. Under the 2022 Credit Facility, the Revolver increases to \$20,000,000 (from \$2,000,000), the portion of the Revolver available for letters of credit increases to \$5,000,000 (from \$1,000,000), the uncommitted additional amount increases to \$30,000,000 (from \$2,500,000) and the developmental line of credit of \$5,500,000 terminates. The Revolver will be used for working capital needs, general corporate purposes and for acquisitions, development and capital improvement uses.

At the option of the Company, new borrowings under the Revolver bear interest at: (i) the adjusted SOFR rate, plus 0.10%, plus 1.75%, payable on the last day of the selected interest period of one, three or six months, and on the three month anniversary of the beginning of any six month interest period, if applicable; or (ii) an Alternative Base Rate (ABR), plus 1.00%, payable monthly. The ABR is the greatest of: (A) the prime rate (as published by the Wall Street Journal), (B) the Federal Reserve Bank of New York rate, plus 0.5%, and (C) the adjusted one-month term SOFR rate. Amounts outstanding under the Revolver on February 28, 2022 will continue to bear interest at the rate selected under the Credit Facilities prior to the amendment until the last day of the interest period in effect, at which time, if not repaid, the amounts outstanding under the Revolver will bear interest at the 2022 Credit Facility rate. As a result of this refinance, \$2,000,000 of current maturity of long-

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term debt has been reclassified to long-term as of December 31, 2021. The 2022 Credit Facility will terminate and all principal and interest will become due and payable on the fifth anniversary of the amendment (February 28, 2027).

EXHIBIT E

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

~~THIS AGREEMENT~~, made and entered into this _____ day of _____, 202____, by and between ~~The Joint Corp.~~, a Delaware corporation, (hereinafter referred to as “the Company”) and _____, whose address is _____ (hereinafter referred to as “Prospective Franchisee”).

WITNESSETH THAT:

~~WHEREAS~~, Prospective Franchisee desires to obtain certain confidential and proprietary information from the Company for the sole purpose of inspecting and analyzing said information in an effort to determine whether to purchase a franchise from the Company; and

~~WHEREAS~~, the Company is willing to provide such information to Prospective Franchisee for the limited purpose and under the terms and conditions set forth herein;

~~NOW, THEREFORE~~, in consideration of the premises and the mutual covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

~~1. DEFINITION.~~ “Confidential Information” is used herein to mean all information, documentation and devices disclosed to or made available to Prospective Franchisee by the Company, whether orally or in writing, as well as any information, documentation or devices heretofore or hereafter produced by Prospective Franchisee in response to or in reliance on said information, documentation and devices made available by the Company.

~~2. TERM.~~ The parties hereto agree that the restrictions and obligations of Paragraph 3 of this Agreement shall be deemed to have been in effect from the commencement on the _____ day of _____, 202____, of the ongoing negotiations between Prospective Franchisee and the Company and continue in perpetuity until disclosed by the Company.

~~3. TRADE SECRET ACKNOWLEDGEMENT.~~ Prospective Franchisee acknowledges and agrees the Confidential Information is a valuable trade secret of the Company and that any disclosure or unauthorized use thereof will cause irreparable harm and loss to the Company.

~~4. TREATMENT OF CONFIDENTIAL INFORMATION.~~ In consideration of the disclosure to Prospective Franchisee of Confidential Information, Prospective Franchisee agrees to treat Confidential Information in confidence and to undertake the following additional obligations with respect thereto:

_____ (a) _____ To use Confidential Information for the sole purpose of inspecting and analyzing the information in an effort to determine whether to purchase a franchise from the Company and solely in its operation of the Company Franchise;

_____ (b) _____ Not to disclose Confidential Information to any third party;

_____ (c) _____ To limit dissemination of Confidential Information to only those of Prospective Franchisee’s officers, directors and employees who have a need to know to perform the limited tasks set forth in Item 4 (a) above; and who have agreed to the terms and obligations of this Agreement by affixing their signatures hereto;

_____ (d) _____ Not to copy Confidential Information or any portions thereof; and

_____ (e) _____ To return Confidential Information and all documents, notes or physical evidence thereof, to the Company upon a determination that Prospective Franchisee no longer has a need therefore, or a request therefore, from the Company, whichever occurs first.

~~5. **SURVIVAL OF OBLIGATIONS.** The restrictions and obligations of this Agreement shall survive any expiration, termination or cancellation of this Agreement and shall continue to bind Prospective Franchisee, his heirs, successors and assigns in perpetuity.~~

~~6. **NEGATION OF LICENSES.** Except as expressly set forth herein, no rights to licenses, expressed or implied, are hereby granted to Prospective Franchisee as a result of or related to this Agreement.~~

~~7. **APPLICABLE LAW.** This Agreement shall be construed and enforced in accordance with the laws Agreement is governed by the Laws of the State of Arizona. without reference to its principles of conflicts of law.~~

Severability

~~15.2. **IN WITNESS WHEREOF, the parties hereto have caused.** Each section and subsection of this Agreement to be duly executed.~~

~~THE JOINT CORP.~~

BY: _____
ITS: _____

(Signature of Prospective Franchisee)

Print Name of Prospective Franchisee

EXHIBIT F
LIST OF FRANCHISEES

Opened Franchisee Outlets as of December 31, 2022

State	City	Zip	Address	Phone	Owner Name
AK	Wasilla	99654	2101 E. Sun Mountain Ave Suite 104	(907) 312-1295	James Petersen
AL	Birmingham	35242	270 Doug Baker Blvd, Suite #400	(205) 927-4892	Atul "Ash" Kumar
AL	Daphne	36526	6850 US Highway 90 Suite A-03	(251) 325-6518	James Wesson
AL	Decatur	35601	2411 6th Ave Suite A-1	(256) 733-3159	Blake Cantrell
AL	Gadsden	35903	510 Meighan Blvd Suite A10	(256) 935-1911	Kip Rapp
AL	Huntsville	35802	4800 Whitesburg Drive Suite 41	(256) 207-8018	Robert Wesson
AL	Madison	35758	419 John Henry Way, Suite 200	(256) 325-0788	Blake Cantrell
AL	Mobile	36608	7721 Airport Blvd. Suite E160	(251) 931-9420	James Wesson
AL	Montgomery	36117	7244 Haleyon Park Drive	(334) 676-2290	Artresha Brown
AL	Mountain Brook	35243	2800 Cahaba Village Plaza, Suite 270	(205) 460-1395	Atul "Ash" Kumar
AL	Opelika	36801	2486 Enterprise Dr.	(334) 845-1464	Patrick Greco, DC
AL	Tuscaloosa	35401	1320 McFarland Blvd. E., Suite 225	(205) 430-3282	Bryan McDonald
AR	Bryant	72202	307 Bryant Avenue Ste 2	(501) 356-3926	Jared Black
AR	Conway	72032	1040 S Amity Rd Ste G	(501) 302-4495	Dylan Breeding
AR	Fayetteville	72704	3484 W. Wedington Dr., Suite 8	(479) 332-4778	Dylan Breeding
AR	Jonesboro	72401	2100 East Highland Drive, Suite 100	(870) 686-3106	Dylan Breeding
AR	Little Rock	72227	10121 N. Rodney Parham Rd. Suite B1	(501) 812-3153	Jared Black
AR	North Little Rock	72116	2607 McCain Blvd.	(501) 353-2150	Jared Black
AR	Rogers	72758	2600 Pleasant Crossing Drive, Suite 90	(479) 309-8264	Dylan Breeding
AZ	Avondale	85392	9925 West McDowell Road, Suite #102	(623) 455-6776	Tony Di Giuseppe
AZ	Buckeye	85326	825 S Watson Rd, Ste 105	(602) 612-5170	Tony Di Giuseppe
AZ	Casa Grande	85122	1609 E. Florence Blvd., Suite 3	(520) 340-4808	Anthony Fertitta
AZ	Gilbert	85295	2765 S. Market St., Ste 105	(480) 963-1363	Craig Peterson, DC
AZ	Gilbert	85296	1084 S. Gilbert Rd. #103	(480) 659-5573	David Lee, DC
AZ	Goodyear	85395	1468 N Litchfield Road, Suite M-6	(623) 321-5121	Tony Di Giuseppe
AZ	Laveen Village	85339	7650 S. 59th Ste. 104	(520) 436-8058	Brandon Berl
AZ	Litchfield Park	85340	13000 Indian School Rd, Suite A-3	(602) 858-7100	Tony Di Giuseppe
AZ	Mesa	85215	6626 E. McKellips Road, Suite #103	(480) 830-9120	Greg Sarandi
AZ	Peoria	85382	7369 W. Bell Road, Suite #103	(623) 486-4616	Tony Di Giuseppe
AZ	Peoria	85345	9744 W. Northern Avenue, Suite #1335	(623) 806-1255	Tony Di Giuseppe
AZ	Peoria	85383	9947 W. Happy Valley Road, Suite #105	(623) 806-1258	Tony Di Giuseppe
AZ	Phoenix	85050	21001 N. Tatum Blvd, Ste 1085	(480) 405-3973	Erica Lopez
AZ	Phoenix	85029	3121 W. Peoria Avenue #103	(623) 748-8565	David Lee, DC
AZ	Phoenix	85042	2340 E. Baseline Rd. Suite #170	(602) 889-5060	Erica Lopez
AZ	Queen Creek	85142	21582 S. Ellsworth Loop Road, Suite #120	(480) 987-5091	Brad Peterson

State	City	Zip	Address	Phone	Owner Name
AZ	San Tan Valley	85140	40815 N. Ironwood Dr.	(480) 818-9254	Brad Peterson
AZ	Scottsdale	85250	6107 N. Scottsdale Road, Suite C-102	(480) 245-7844	Chris Judge, DC
AZ	Surprise	85374	14155 W Bell Road, Suite #107	(623) 432-7075	Tony Di Giuseppe
AZ	Surprise	85379	13953 W Waddell Rd, Ste 102	(623) 219-4420	Tony Di Giuseppe
CA	Anaheim	92806	2146 E. Lincoln Ave	(714) 635-6468	Timothy Gallo, DC
CA	Auburn	95603	2935 Bell Rd	(530) 392-9920	Chris O'Neal
CA	Berkeley	94704	2628 Telegraph Avenue	(510) 845-6468	Laurent Colvin, DC
CA	Brea	92821	477 S. Associated Road, Suite #C--1	(714) 990-5646	Anthony Tran
CA	Brentwood	94513	5421 Lone Tree Way, Suite #120	(925) 392-1600	Brian Lancaster
CA	Castro Valley	94546	20633 Rustic Drive	(510) 800-6092	Brian Lancaster
CA	Chino Hills	91709	13920 City Center Drive, Suite 4003	(909) 696-6225	Aruna Chabra
CA	Citrus Heights	95610	7925 Madison Ave., Suite 2	(916) 945-2795	Chris O'Neal
CA	Clovis	93612	950 Herndon Ave Suite 105	(559) 413-0132	Lisa McCullough "formerly Chuinard"
CA	Concord	94520	2015 Diamond Blvd, Suite 145	(925) 297-1791	Brian Lancaster
CA	Culver City	90230	10992 Jefferson Blvd.	(310) 893-5948	Stephanie McRae
CA	Danville	94526	413 Railroad Ave.	(925) 272-4080	Malena Kaufman D.C.
CA	Davis	95616	1411 W. Covell Blvd., Suite 103	(530) 341-3800	Chris O'Neal
CA	Downey	90242	12050 Lakewood Blvd	(562) 392-8203	Anthony Tran
CA	Elk Grove	95757	9620 Bruceville Road, Suite #102	(916) 512-6570	Chris O'Neal
CA	Folsom	95630	2756 East Bidwell Street, Suite #300	(916) 365-9797	Chris O'Neal
CA	Fontana	92336	16155 Sierra Lakes Parkway, Suite 120	(909) 854-3268	Bryan Hurlburt
CA	Fresno	93720	50 El Camino	(559) 338-6925	Daniel Rae D.C.
CA	Glendale	91206	350 N. Glendale Avenue, Unit A	(818) 242-6001	Adam Campos
CA	Gold River	95670	2095 Gold Centre Lane, Suite #40	(916) 318-9460	Chris O'Neal
CA	Goleta	93117	5741 Calle Real	(805) 845-1187	Brian Brownley, DC
CA	Livermore	94551	2050 Portola Avenue, Suite E	(925) 344-6373	Chris O'Neal
CA	Los Angeles	90036	5001 Wilshire Blvd #114	(323) 424-7787	Shawn Lee, DC
CA	Milpitas	95035	125 Ranch Dr.	(408) 758-9270	Chris O'Neal
CA	Monrovia	91016	674 W. Huntington Dr.	(626) 256-1067	Allen Hua
CA	Napa	94559	261 Soscol Avenue	(707) 346-3923	David Gilligan DC
CA	National City	92950	1430 E Plaza Blvd Suite E6	(619) 259-2213	John Laperchia
CA	Oxnard	93036	2051 Rose. Ave. Suite 300	(805) 716-6242	Aaron Shakarian
CA	Pasadena	91107	3653 E Foothill Blvd.	(626) 351-0253	Adam Campos
CA	Pico Rivera	90660	8980 Washington Blvd	(562) 380-1630	Anthony Tran
CA	Pinole	94564	2782 Pinole Valley Road	(510) 854-9200	Chris O'Neal
CA	Point Loma	92110	3555 Rosecrans Street, Suite #110A	(619) 255-5650	Shahram "Shah" Soleimani, DC
CA	Port Hueneme	93041	623 W. Channel Islands Blvd.	(805) 334-8470	Aaron Shakarian
CA	Riverside	92506	3639 Riverside Plaza Drive #510	(951) 222-2216	Jean-Paul LaBelle
CA	Rocklin	95677	5430 Crossings Drive, Suite 102	(916) 304-6720	Chris O'Neal
CA	Rosemead	91770	3680 Rosemead Blvd.	(626) 872-3388	Allen Hua

State	City	Zip	Address	Phone	Owner Name
CA	Roseville	95661	8680 Sierra College Blvd, Suite #190	(916) 367-0790	Chris O'Neal
CA	Roseville	95678	731 Pleasant Grove Blvd, Suite #180	(916) 546-5050	Chris O'Neal
CA	Sacramento	95825	521 Munroe Street	(916) 233-0909	Chris O'Neal
CA	Sacramento	95832	8144 Delta Shores Circle South, Suite 120	(916) 318-9850	Chris O'Neal
CA	Sacramento	95834	2850 Del Paso Rd., Suite 200	(916) 250-1030	Chris O'Neal
CA	Sacramento	95811	1809 S Street, Suite 102	(916) 238-0530	Chris O'Neal
CA	Sacramento	95818	3700 Crocker Drive, Suite 120	(916) 822-7255	Chris O'Neal
CA	Salinas	93906	1522 N. Main Street	(831) 534-3863	Joseph Davi DC
CA	San Diego	92108	2245 Fenton Pkwy, Suite #109	(619) 624-2424	Bianca Page
CA	San Diego	92111	7061 Clairemont Mesa Blvd, Suite 206	(858) 276-7054	John Laperchia
CA	San Jose	95124	2079 Camden Avenue	(408) 657-4040	Chris O'Neal
CA	San Jose	95125	111 Curtner Avenue, Suite #40	(408) 414-7802	Chris O'Neal
CA	San Jose	95131	1098 Brokaw Road, Suite 40	(408) 906-0160	Chris O'Neal
CA	San Jose	95118	5130 Cherry Ave., Suite 20	(408) 980-9677	Chris O'Neal
CA	San Jose	95129	5259 Prospect Rd.	(408) 758-9280	Chris O'Neal
CA	Santee	92071	9836 Mission Gorge Rd. Suite 19D	(619) 328-5628	Gabriel Latino
CA	Simi Valley	93065	2941 Cochran Street #5	(805) 624-7371	Aaron Shakarian
CA	South Gate	90280	4753 Firestone Blvd	(11) 111-1111	Anthony Tran
CA	Thousand Oaks	91320	520 N Ventu Park Road, Suite 130	(805) 375-8500	Aaron Shakarian
CA	Upland	91784	1902 N. Campus Ave, Ste I	(111) 111-1111	Reginald Lal
CA	Vacaville	95688	1610 E. Monte Vista Ave. Ste. 103	(707) 474-4828	Chris O'Neal
CA	Ventura	93003	5722 Telephone Road, #19	(805) 535-4460	Aaron Shakarian
CA	Walnut Creek	94598	2866 Ygnacio Valley Rd.	(925) 495-2511	David Gilligan DC
CA	West Sacramento	95691	2455 Jefferson Blvd., Suite 115	(916) 229-6955	Chris O'Neal
CO	Arvada	80007	15570 W 64th Ave # B	(303) 420-5788	Joe Forte
CO	Arvada	80003	7957 Wadsworth Blvd.	(303) 467-7749	David Stamler
CO	Arvada	80002	5324 Wadsworth Blvd., Suite B	(303) 424-0250	David Stamler
CO	Arvada	80023	14375 Orchard Parkway Suite 400	(720) 571-1544	Joe Forte
CO	Aurora	80012	10600 E. Garden Drive, Suite #103	(303) 369-7575	Brad Remington
CO	Aurora	80016	24300 E. Smokey Hill Road	(303) 341-8010	Phil Davis
CO	Aurora	80016	15405 E. Briarwood Circle, Suite A	(303) 680-1970	Phil Davis
CO	Aurora	80013	18886 E. Hampden Avenue	(303) 680-3339	Phil Davis
CO	Boulder	80302	2525 Arapahoe Avenue, Suite C2	(303) 440-8019	Joe Forte
CO	Castle Rock	80104	4991 Factory Shops Blvd., Suite 140	(720) 532-8912	Phil Davis
CO	Central Park	80238	3585 North Central Park Suite 170	(720) 704-3017	Brad Remington
CO	Colorado Springs	80907	3272 Centennial Blvd.	(719) 268-1424	Joe Forte
CO	Colorado Springs	80922	6044 Stetson Hills Blvd.	(719) 634-5557	Joe Forte
CO	Colorado Springs	80906	2008 Southgate Rd.	(719) 630-2139	Joe Forte
CO	Colorado Springs	80921	13465 Voyager Parkway, Suite 100	(719) 622-6110	Joe Forte

State	City	Zip	Address	Phone	Owner Name
CO	Denver	80220	945 Albion St	(720) 389-7173	Phil Davis
CO	Denver	80222	2730 S Colorado Blvd #110	(303) 484-8464	Phil Davis
CO	Fort Collins	80521	1015 S. Taft Hill Road, Unit F	(970) 631-8622	Scott K. Heiser, DC
CO	Greeley	80634	4330 Centerplace Dr. #636	(970) 410-3711	Jeremy Casagrande, DC
CO	Greenwood Village	80111	6570 S. Yosemite Street, Suite #102	(303) 771-5044	Phil Davis
CO	Highlands Ranch	80129	1509 Park Central Dr. Ste 200	(720) 726-6537	Phil Davis
CO	Lakewood	80226	7100 W. Alaska Drive	(303) 935-1900	Phil Davis
CO	Lakewood	80401	14680 W. Colfax, Suite F-120	(720) 457-6620	Joe Forte
CO	Littleton	80123	8555 West Belleview Avenue	(303) 730-6980	Phil Davis
CO	Lone Tree	80124	9996 Commons Street, Suite #330	(303) 799-3438	Phil Davis
CO	Longmont	80501	210 Ken Pratt Blvd, Suite #245	(303) 774-7674	Joe Forte
CO	Loveland	80537	1117 Eagle Drive	(970) 203-0707	Scott K. Heiser, DC
CO	Parker	80134	17051 Lincoln Avenue, Suite K	(303) 993-6505	Phil Davis
CO	Sheridan	80110	3702 River Point Parkway, Unit D	(303) 781-5859	Joe Forte
CO	Thornton	80233	1281 E. 120th Avenue, Unit D	(720) 974-3492	Joe Forte
CO	Westminster	80020	5160 W. 120th Ave., Suite I	(720) 887-4900	Joe Forte
DC	Washington D.C.	20016	3236 Wisconsin Ave NW	(202) 838-8989	Gordon Thornton
FL	Altamonte Springs	32701	175 E Altamonte Drive, suite 1020	(407) 676-7827	Samuel "Toby" Hines
FL	Apopka	32703	608 S Hunt Club Blvd	(321) 972-8708	Jory Lara Sullivan
FL	Aventura	33180	18841 Biscayne Blvd. suite #135	(305) 705-4563	Eric Snyder
FL	Boca Raton	33434	9560 Glades Road, Suite 215	(561) 465-2719	Todd Bogos DC
FL	Boynton Beach	33435	520 E. Woolbright Rd.	(561) 777-7376	Anthony Fava, DC
FL	Boynton Beach	33426	372 N Congress Ave	(561) 475-5748	Robert Barbieri
FL	Brandon	33511	2948 Providence Lake Blvd. Unit 5	(813) 653-7388	Alexandros Pierrotsakos
FL	Cape Coral	33991	2311 Santa Barbara Blvd, Suite 114	(239) 599-8401	Jeff McGinty
FL	Clearwater	33742	5020 E Bay Drive, Ste. 500	(727) 999-1909	Richard van De Steeg
FL	Coral Springs	33071	1360 Coral Ridge Drive	(754) 231-8181	Kevin Hua
FL	Coral Springs	33073	4392 N State Road 7	(754) 755-9494	Kevin Hua
FL	Davie	33328	5870 S. University Dr.	(954) 306-6831	Kevin Hua
FL	DeLand	32720	2433 S Woodland Blvd Ste. 103	(386) 873-4693	Todd Stewart
FL	Fort Lauderdale	33305	1586 N. Federal Highway C	(954) 639-4459	Kevin Hua
FL	Fort Myers	33966	7977 Dani Dr #120	(239) 277-0080	Jeff McGinty
FL	Fort Walton Beach	32548	99 Eglin Parkway	(850) 994-5000	Joe Forte
FL	Jacksonville	32225	13475 Atlantic Blvd., Unit 14	(904) 221-7799	Carlton Jones
FL	Jacksonville	32246	4413 Town Center Parkway Ste. 205	(904) 800-2945	Carlton Jones

State	City	Zip	Address	Phone	Owner Name
FL	Jacksonville	32223	10991 San Jose Blvd, Unit 1B	(904) 374-1413	Carlton Jones
FL	Jacksonville Beach	32250	3968 South Third Street	(904) 746-7129	Carlton Jones
FL	Kissimmee	34741	710 Centerview Blvd	(689) 202-4338	Samuel "Toby" Hines
FL	Lake Mary	32746	242 Wheelhouse Lane suite 1210	(407) 878-2801	Todd Stewart
FL	Lake Worth	33467	6169 3A Jog Rd	(561) 366-7973	Todd Bogos DC
FL	Lakeland	33813	4747 Florida Ave. S Suite 142	(833) 532-0144	Coreen Cammarano
FL	Melbourne	32934	3016 Lake Washington Road	(321) 254-2828	Dr. Daniel Weber
FL	Melbourne	32940	6431 Lake Andrew Dr Suite 104	(321) 507-4032	Dr. Daniel Weber
FL	Miami Gardens	33015	8587 NW 186th St.	(305) 705-4733	Kevin Hua
FL	Mount Dora	32757	19005 US 441, Ste 111	(352) 320-5957	Kevin Boek
FL	Naples	34109	2338 Pine Ridge Road	(239) 302-6330	Jeff McGinty
FL	New Port Richey	34654	3194 Redeemer Way Suite F-2B	(727) 205-3236	David Hutsell
FL	Northport	34287	17349 Tamiami Trail	(941) 253-5630	Kumar Patel
FL	Orange Park	32073	410 Blanding Blvd	(904) 592-7888	Carlton Jones
FL	Orlando	32819	8081 Turkey Lake Road, ste. 630	(407) 605-5070	Kathy Bhatt
FL	Orlando	32826	12231 E. Colonial Dr. Ste 110	(321) 274-1315	Linda Lampasso
FL	Orlando	32806	3155 S Orange Avenue, Suite 109	(407) 289-1055	Samuel "Toby" Hines
FL	Orlando	32825	599 S Chickasaw Trail, Suite # 200	(407) 412-6635	Samuel "Toby" Hines
FL	Pace	32571	4795 US Highway 90	(850) 994-5000	Joe Forte
FL	Palm Beach Gardens	33408	11648 US Highway One Suite 140-145	(561) 508-4837	Anthony Fava, DC
FL	Palm Harbor	34685	312 E. Lake Rd	(727) 276-8229	Richard van De Steeg
FL	Pensacola	32504	7175 North Davis Highway, Suite H	(850) 905-0525	Joe Forte
FL	Plantation	33322	8267 W Sunrise Boulevard	(954) 400-0990	Kevin Hua
FL	Port Orange	32128	1652 Taylor Road, Ste 303	(386) 433-2244	Todd Stewart
FL	Port St. Lucie	34986	1361 NW St. Lucie West Boulevard	(772) 247-3332	Lon Bernstein
FL	Riverview	33579	0629 Big Bend Rd. Suite 22	(813) 295-2038	Alexandros Pierroustakos
FL	Sarasota	34243	257 N. Cattlemen Rd. Suite 88	(941) 924-4300	Ernest "Ernie" Arellano
FL	Sarasota	34239	3800 S. Tamiami Trail #100	(941) 924-4300	Ernest "Ernie" Arellano
FL	Seminole	33772	11201 Park Blvd. North, Suite D	(727) 999-1909	Richard van De Steeg
FL	St. Augustine	32086	205 State Rd. 312 suite 102 St.	(904) 867-4923	Carlton Jones
FL	St. Petersburg	33704	196 37th Ave N	(727) 217-0124	Dr. Edward Leonard
FL	St. Petersburg	33710	1438 66th street.	(727) 477-3558	Richard van De Steeg
FL	Stuart	34994	2387 SE Federal Highway	(772) 362-3662	Timothy O'Grady
FL	Tampa	33629	3810 W Neptune Street Unit B5	(813) 839-8039	Dr. Edward Leonard

State	City	Zip	Address	Phone	Owner Name
FL	Tampa	33618	15215 N. Dale Mabry Hwy	(813) 264-1100	Dr. Edward Leonard
FL	Tampa	33647	19014 Bruce B Downs Blvd	(813) 536-4632	Alexandros Pierroustakos
FL	Valrico	33596	2176 Bloomingdale Ave	(813) 544-7732	Alexandros Pierroustakos
FL	Venice	34293	1695 US 41 Bypass S, Unit 3	(941) 242-7042	Kumar Patel
FL	Wellington	33414	2615 S. State Road 7, Suite 540	(561) 249-7724	Anthony Fava, DC
FL	West Melbourne	32904	225 Palm Bay Rd, # 173	(321) 372-6728	Dr. Daniel Weber
FL	Weston	33326	1364 Weston Road	(954) 870-4601	Kevin Hua
FL	Windermere	35786	4750 The Grove Drive, Suite 172	(407) 605-5070	Kathy Bhatt
FL	Winter Garden	34787	16055 New Independence Pkwy, Suite 120	(407) 605-5070 x3	Kathy Bhatt
FL	Winter Park	32789	501 N Orlando Ave, Suite 311	(407) 637-5511	Samuel "Toby" Hines
FL	Winter Springs	32708	5685 Red Bug Lake Rd.	(321) 274-1315	Linda Lampasso
GA	Aeworth	30101	3384 Cobb Parkway NW, Suite #450	(678) 574-5959	Maurice Taylor
GA	Alpharetta	30004	5665 Atlanta Highway	(770) 292-9292	Lawrence Rich
GA	Alpharetta	30004	5530 Windward Parkway, Building G Suite 1055	(770) 212-2395	Tom Haines
GA	Athens	30606	1850 Epps Bridge Rd, Suite 111	(706) 740-8137	Ketan Bhagat
GA	Atlanta	30308	650 Ponce De Leon Avenue, Suite #0650B	(404) 249-8800	Patrick Greco, DC
GA	Atlanta	30305	3330 Piedmont Road, Suite #4	(404) 584-2323	Tom Haines
GA	Atlanta	30319	305 Brookhaven Avenue, Building 1100, Suite B-1165	(404) 262-1515	Tom Haines
GA	Atlanta	30345	2490 Briarcliff Road NE Suite #49	(404) 315-6468	Randy Merrill
GA	Atlanta	30316	790 Glenwood Ave SE, suite 220	(404) 736-6577	Patrick Greco, DC
GA	Atlanta	30331	3755 Carnia Drive Suite 440	(404) 913-0926	Traei Stafford
GA	Augusta	30909	2907 Washington Road	(706) 733-4148	Dejan Djolie
GA	Buford	30519	3350 Buford Drive, Suite A-130	(770) 904-2224	Randy Merrill
GA	Canton	30114	1810 Cumming Highway Suite 1300	(678) 866-0226	Dan Kjaergaard
GA	Carrollton	30117	1109 South Park Street Suite 502	(770) 790-3593	Randall "Randy" Hanscom
GA	Cartersville	30121	220 Cherokee Place	(470) 315-2900	Dan Kjaergaard
GA	Columbus	31909	6770 Veteran's Parkway, Space L	(762) 821-1503	Richard Burke
GA	Covington	30014	3168 US-278 NW, Suite #2	(770) 728-1221	Patrick Greco, DC
GA	Cumming	30041	2305 Market Place Blvd.	(770) 292-9292	Lawrence Rich
GA	Cumming	30041	410 Peachtree Parkway Suite 4122	(770) 857-3038	Lawrence Rich
GA	Dacula	30019	2515 Fence Road, Suite #130	(770) 682-9900	Randy Merrill
GA	Dawsonville	30534	4130 Dawson Forest Rd. at GA Hwy 400	(770) 292-9292	Lawrence Rich
GA	Decatur	30033	2501 Blackmon Dr, Suite 620	(678) 846-2225	Randy Merrill
GA	Douglasville	30135	2911 Chapel Hill Rd Suite 145	(470) 938-6860	Kaila Caldwell

State	City	Zip	Address	Phone	Owner Name
GA	Dunwoody	30338	4718 Ashford Dunwoody Road, Building C, Suite 430	(470) 679-1000	Jeff McGinty
GA	Evans	30809	4237 Washington Rd.	(706) 860-1995	Dejan Djolie
GA	Fayetteville	30214	840 Glynn St. South, Suite 366	0	Paul Kaiser
GA	Flowery Branch	30542	5900 Spout Springs Road, Suite W-1	(470) 407-2225	Randy Merrill
GA	Fort Oglethorpe	30742	2713 Battlefield Parkway	(706) 702-5339	Timothy Vitullo
GA	Gainesville	30501	821 Dawsonville Hwy Suite 230	(678) 400-2297	Lawrence Rich
GA	Hiram	30141	5140 Jimmy Lee Smith Pkwy., Suite 103	(470) 744-0707	Shaun Caldwell
GA	Kennesaw	30144	745 Chastain Road, Suite #1050	(678) 766-1444	Lawrence Rich
GA	Lawrencevill e	30043	1860 Duluth Hwy, Suite 403	(770) 741-2225	Randy Merrill
GA	Loganville	30052	4743 Atlanta Highway	(770) 615-8303	Randy Merrill
GA	Marietta	30068	1205 Johnson Ferry Road, Suite #125	(678) 766-1441	Lawrence Rich
GA	Marietta	30067	1453 Terrell Mill Road SE, Suite #115	(770) 644-0001	Lawrence Rich
GA	Marietta	30064	2500 Dallas Highway #230	(770) 637-7911	Lawrence Rich
GA	Marietta	30066	3605 Sandy Plains Rd. #115	(770) 796-4361	Lawrence Rich
GA	Monroe	30656	1000 Pavilion Parkway, Suite 5	(770) 685-7658	Patrick Greco, DC
GA	Newnan	30265	328 Newnan Crossing Bypass	(770) 252-2222	Sean Callahan
GA	Peachtree City	30269	1264 N. Peachtree Parkway	(678) 216-3211	Sean Callahan
GA	Peachtree Corners	30092	5185 Peachtree Parkway, Suite 104-B	(470) 280-2225	Kevin Minter
GA	Rome	30161	1437 Turner McCall Blvd	(706) 641-0433	Dan Kjaergaard
GA	Roswell	30075	885 Woodstock Road	(770) 299-1999	Tom Haimes
GA	Sandy Springs	30328	6623 Roswell Road, Suite E	(404) 763-2266	Tom Haimes
GA	Smyrna	30080	4500 West Village Place, Suite 1011	(770) 805-9977	Anne Michaud (Gerretzen)
GA	Snellville	30078	1630 Scenic Highway, Suite 4	(770) 691-2225	Randy Merrill
GA	Sugar Hill	30518	5885 Cumming Highway, Suite 403	(470) 401-2225	Joe Bass Burum
GA	Suwanee	30024	3630 Peachtree Parkway #310	(770) 292-9292	Lawrence Rich
GA	Tucker	30084	2171 Hugh Howell Road Suite 604	(770) 874-2253	Randy Merrill
GA	Woodstock	30189	1428 Towne Lake Pkwy Ste. 28102	(678) 214-4449	Maurice Taylor
IA	Cedar Falls	50613	421 Viking Plaza Drive Suite 500	(319) 251-2554	Jerry Akers
IA	Cedar Rapids	52404	2300 Edgewood RD SW suite H	(319) 271-3548	Jerry Akers
IA	Cedar Rapids	52402	4701 1st Ave SE Suite B	(319) 264-1663	Jerry Akers
IA	Coralville	52241	909 25th Ave.	(319) 254-5552	Jerry Akers
IA	Council Bluffs	51503	3808 Metro Drive	(402) 251-2903	Thomas Fitzpatrick
ID	Ammon	83406	2679 E. Sunnyside	(208) 403-0747	David Essuman
ID	Boise	83705	3359 S Federal Way	(208) 369-2500	Tony Di Giuseppe
ID	Boise	83714	7500 W State Street ste. 120	(208) 670-8747	Tony Di Giuseppe
ID	Meridian	83642	3909 E Fairview Ave Suite 135	(208) 579-5400	Tony Di Giuseppe

State	City	Zip	Address	Phone	Owner Name
ID	Meridian	83646	6097 N. Ten Mile Rd.	(208) 494-9410	Teresa Di Giuseppe
ID	Nampa	83687	1275 N. Happy Valley Rd.	(208) 615-8200	Tony Di Giuseppe
ID	Twin Falls	83301	148 Cheney Drive West Ste #300	(208) 969-9029	David Essuman
IL	Aurora	60506	1480 North Orchard Rd. #110	(630) 907-9097	Coreen Cammarano
IL	Bloomington	60108	148 S. Gary Ave. Suite 101	(630) 529-5979	Coreen Cammarano
IL	Champaign	61820	2003 S. Neil St. Suite 2003	(217) 288-4411	Byron Clark
IL	Chicago	60610	1237 N. Clybourn Ave.	(312) 285-2983	Donald Daniels, DC
IL	Chicago	60647	2711 N. Elston Ave.	(773) 360-8456	Donald Daniels, DC
IL	Chicago	60661	334 Desplaines St., Unit 408D	(312) 929-2878	James Fender
IL	Crystal Lake	60014	1125 S. State Route 31 unit D	(815) 454-5176	Curtis Kempel D.C.
IL	Darien	60561	2415 75th Street, Unit C3	(630) 521-3335	Asim Khan
IL	Downers Grove	60515	307 Ogden Ave.	(630) 515-0025	Donald Daniels, DC
IL	East Peoria	61611	410 W. Washington St.	(309) 316-3691	Anthony Fertitta
IL	Elgin	60123	819 S. Randall Road, Unit E	(847) 429-0212	Coreen Cammarano
IL	Glen Carbon	62034	3000 South State Route 159	(618) 655-0800	Byron Clark
IL	Glen Ellyn	60137	878 Roosevelt Rd	(360) 547-3714	Philip Olasa
IL	Glenview	60062	3812 Willow Road	(224) 415-3779	Donald Daniels, DC
IL	Machesney Park	61115	1089 West Lane Rd	(815) 885-8526	Anthony Fertitta
IL	Melrose Park	60160	530 W. North Avenue	(630) 333-4391	Anurag Tandon
IL	Mt Prospect	60056	104 W Rand Rd, Suite A	(847) 348-8110	Philip Olasa
IL	Oakbrook Terrace	60181	17W699 Roosevelt Rd	(630) 785-3350	Victoria Ciabattari
IL	Rockford	61108	6139 E State St	(815) 977-4316	Jonathan Chesak
IL	Schaumburg	60173	1426 North Meacham Rd.	(847) 648-7982	Donald Daniels, DC
IL	Shiloh	62269	3264 Green Mount Crossing Drive	(618) 726-2555	Byron Clark
IL	Shorewood	60404	924 Brook Forest Ave, A5	(815) 230-5272	James Fender
IN	Avon	46123	10944 East US 36	(317) 762-4476	Bree Emsweller
IN	Carmel	46032	1412 S. Rangeline Road	(317) 810-1333	Bree Emsweller
IN	Goshen	46526	4542 Elkhart Rd	0	Melissa Van Royen
IN	Granger	46530	7115 Heritage Square Dr. Suite# 1220	(574) 319-7266	Melissa Van Royen
IN	Greenwood	46142	1011 N State Road 135, Suite F2	(317) 762-4476	Bree Emsweller
IN	Indianapolis	46220	6155 N. Keystone Ave ste. 700	(317) 762-4476	Bree Emsweller
IN	Newburgh	47630	8403 Bell Oaks Dr.	(930) 201-9345	Jennifer Rutherford
IN	Terre Haute	47803	2177 S. State Rd. 46, Suite A11	(812) 594-3734	Barry Goodman
KS	Derby	67037	2151 N. Rock Road, Suite 100	(316) 788-7777	Roger & Monique Haynes-Robertson
KS	Wichita	67205	2755 N. Maize Rd. Ste. 107	(316) 722-7000	Roger & Monique Haynes-Robertson
KS	Wichita	67226	2564 N Greenwich Rd., Suite 600	(316) 636-9999	Roger & Monique Haynes-Robertson
KY	Bowling Green	42104	2945 Scottsville Rd Ste. B13	(270) 904-3367	Barry Goodman
KY	Florence	41042	7653 Mall Road, Ste. C Unit #36	(859) 592-8735	Catherine Abrams

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KY	Lexington	40517	4101 Tates Creek Centre Drive, Suite 152	(859) 648-2256	Jonathan Stampfli
KY	Louisville	40219	4647 Outer Loop	(502) 754-4307	Maira Dawood
KY	Louisville	40243	12537 Shelbyville Rd.	(502) 369-7670	Brenda O'Neil D.C.
KY	Richmond	40475	2085 Lantern Ridge Dr., Suite Y310	(859) 800-7746	David O'Dell
LA	Baton Rouge	70809	6555 Siegen Lane, Suite 12	(225) 442-1862	Dani Bidros, MD
LA	Baton Rouge	70820	640 Arlington Creek Centre Blvd. Suite D	(225) 256-2867	Dani Bidros, MD
LA	Bossier City	71111	2634 Beene Blvd.	(318) 741-2001	Charlie Rice
LA	Denham Springs	70726	27800 Juban Rd Suite 10	(225) 307-3478	Erich Crawford
LA	Harahan	70123	5359 Mounes Street, Suite E	(504) 766-6932	Charlie Rice
LA	Lafayette	70508	4302 Ambassador Caffery Parkway	(337) 981-3418	Charlie Rice
LA	Mandeville	70471	3573 Emerald Rd, Suite F	(985) 260-8878	James Black
LA	Monroe	71201	1870 Forsythe Avenue	(318) 737-7682	Richard MacNealy
LA	Shreveport	71105	1370 E. 70th Street	(318) 670-3318	Charlie Rice
MA	Weymouth	2190	35 Pleasant St, Unit 30	(781) 546-4931	Dwayne Acoba
MD	Annapolis	21401	2077 Somerville Road, Suite 157	(410) 934-3400	Stacey Armstead
MD	Baltimore	21211	711 W. 40th St., Suite 156	(410) 235-2906	Raymond Thornton
MD	Baltimore	21224	3973 Boston Street	(410) 314-1180	Gordon Thornton
MD	Columbia	21045	6480 Dobbins Center	(410) 983-3464	Ahmed Migdadi
MD	Frederick	21701	7820 Workmans Mill Road, Ste Y	(301) 720-0651	Gordon Thornton
MD	Gambrills	21054	1404 S Main Chapel Way Ste 108	(410) 541-1109	Stacey Armstead
MD	Laurel	20707	14722 Baltimore Ave, Ste 105	(301) 234-7821	Shaun Caldwell
MD	Montgomery Village	20886	19218 Montgomery Village Avenue, Suite B-11	(240) 774-1569	Kaila Caldwell
MD	Owings Mills	21117	10010 Reisterstown Road, Suite 30	(443) 272-1018	Lillian Harris
MD	Potomac	20854	12525 Park Potomac Avenue, Suite C, Building G	(301) 923-4487	Kaila Caldwell
MD	Rockville	20850	10036 Darnestown Rd.	(240) 599-7030	Shaun Caldwell
MD	Silver Springs	20906	3852 International Drive	(202) 919-1037	Herbert Gray
MI	Allen Park	48101	23031 West Outer Drive	(31) 334-9888	Charles Laiacono
MI	Ann Arbor	48105	2665 Plymouth Road	(734) 442-2790	Thomas Leach
MI	Canton	48187	42531 Ford Rd	(734) 365-7865	Thomas Leach
MI	Independence Township	48346	5890 Sashabaw Rd	(248) 919-4832	Alan Magyar
MI	Kalamazoo	49007	5167 West Main St.	(269) 386-6414	David Kajganich
MI	Livonia	48150	11035 Middlebelt Rd Suite D-125	(734) 415-6846	Ryan Leach
MI	Northville	48168	18865 Traditions Dr., Space B-400	(248) 331-8733	Ryan Leach
MI	Royal Oak	48067	815 South-main Street	(248) 919-5527	Jeffrey Rosenberg D.C.
MI	Troy	48083	788 East Big Beaver Rd.	(248) 665-8225	Jeffrey Rosenberg D.C.
MN	Apple Valley	55124	15050 Cedar Avenue, Suite #104	(651) 964-1010	Angela Selander
MN	Bloomington	55431	7913 Southtown Center, #308	(651) 964-1010	Angela Selander

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MN	Burnsville	55337	722 County Rd. 42 West	(651) 964-1013	Angela Selander
MN	Coon Rapids	55448	12609 Riverdale Blvd Unit 111	(763) 496-4043	Chad Johnson
MN	Eagan	55123	1380 Duckwood Drive, Suite #102	(651) 964-1010	Angela Selander
MN	Maple Grove	55369	7799 Main Street	(651) 964-1010	Angela Selander
MN	Minneapolis	55416	3208 W Lake St.	(651) 964-1010	Angela Selander
MN	Plymouth	55447	3500 Vicksburg Lane North, Suite 200	(763) 392-1799	Christopher Gleize
MN	Roseville	55113	1603 W. County Road C	(612) 294-9568	Gary Meyers
MN	St. Paul	55116	2136 Ford Pkwy	(651) 372-3797	Chad Johnson
MN	Vadnais Heights	55127	969 Co. Rd. E Unit A	(551) 295-8539	Gary Meyers
MN	Woodbury	55125	8446 Tamarack Village, Suite #203	(651) 705-8018	Gary Meyers
MO	Arnold	63010	836 Arnold Commons Drive	(636) 333-5153	Jason Collier
MO	Brentwood	63144	8468 Eager rd.	(314) 254-8079	Brian Deutsch
MO	Chesterfield	63017	1636 Clarkson Road	(636) 536-4200	Greg Busch
MO	Columbia	65201	21 East Conley Road, Suite L2	(573) 607-1888	Lon Bernstein
MO	Creve Coeur	63141	11475 Olive Boulevard	(314) 736-1770	Greg Busch
MO	Des Peres	63131	13327 Manchester Road	(314) 965-8800	Mike Klearman
MO	Eureka	63025	229 E. 5th Street	(636) 587-6059	Matthew Wise
MO	O'Fallon	63368	108 Laura K Drive	(636) 251-4608	Greg Busch
MO	Saint Peters	63304	6227 Mid Rivers Mall Drive	(636) 922-7177	Greg Busch
MO	Springfield	65804	3422 South Glenstone Avenue, Suite H3	(417) 350-1314	Lon Bernstein
MO	St. Charles	63301	2000 First Capitol Dr. #1982	(636) 757-3744	Kristian Hammond, DC
MO	St. Louis	63127	10759 Sunset Hills Plaza	(314) 965-6000	Scott Rich
MO	St. Louis	63124	8853 Ladue Road	(314) 862-6000	Scott Rich
MO	St. Louis	63108	58A North Euclid Ave	(314) 916-3290	Greg Busch
MO	St. Louis	63109	5811 Chippewa St.	(314) 666-8452	Brian Deutsch
MO	St. Louis	63129	122 South County Center Way, Suite B	(314) 939-1144	Kristian Hammond, DC
MO	Wentzville	63385	1968 Wentzville Parkway	(636) 887-2007	Steven Barnhart
MS	Hattiesburg	39402	6169 US Hwy 98, Suite 20	(601) 654-6361	Jerry Bobo DC
MS	Madison	39110	111 Colony Crossing Way, Suite 480	(601) 898-6410	Ginger Gautier MaeNealy
MS	Southaven	38672	3075 Goodman Road E. Suite #3	(662) 302-3828	Pat Kolwaite, DC
MT	Missoula	59808	3075 N. Reserve St. Suite G	(406) 885-5889	Joel Robinson
NC	Apex	27502	1459 Kelly Road	(919) 372-8049	Heather Sefried, DC
NC	Asheville	28803	1863 Hendersonville Road, Suite 108	(828) 528-3078	Chad Eads
NC	Asheville	28801	182 Merrimon Ave.	(828) 330-9665	Chad Eads
NC	Asheville	28806	275 Smokey Park Hwy Suite 291	(828) 374-8749	Chad Eads
NC	Charlotte	28277	7918 B Rea Road	(704) 544-4919	Ahmed Migdadi
NC	Charlotte	28277	3339 Pineville-Matthews Rd Suite 200	(704) 544-5646	Gordon Thornton
NC	Charlotte	28262	2121 East Arbors Drive	(704) 626-2515	Alexander Klaus
NC	Charlotte	28216	9510 Riverbend Village Drive, Suite K2	(704) 595-7370	Alexander Klaus
NC	Charlotte	28277	16631 Lancaster Hwy, Suite 108	(980) 875-9476	Susan Train DC

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NC	Concord	28027	350 George W Liles Pkwy., Suite 150	(980) 781-4698	Alexander Klaus
NC	Fayetteville	28314	5075 Morganton Rd. Suite #6	(910) 703-8465	Paul Trindel
NC	Garner	27529	175 Shenstone Blvd	(919) 977-1025	Heather Sefried, DC
NC	Gastonia	28054	401 Cox Rd. Unit 158	(704) 459-6844	Alexander Klaus

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NC	Greenville	27858	703 Greenville Boulevard Ste. 106	(252) 364-2538	David Sefried, DC
NC	Hickory	28602	2535 HWY 70 SE Suite 105	(828) 415-5217	Ahmed Migdadi
NC	High Point	27265	1589 Skeet Club Road Ste. 132	(336) 490-5187	Susan Train DC
NC	Holly Springs	27540	246 Grand Hill Place	(919) 577-6325	Heather Sefried, DC
NC	Huntersville	28078	16735 Cranlyn Road, Suite A	(704) 892-5252	Ahmed Migdadi
NC	Jacksonville	28546	3040 Western Boulevard, Unit 300	(910) 968-0054	Paul Trindel
NC	Knightdale	27545	4001 Widewaters Parkway, Suite A	(919) 373-8117	Cherese Scotton Bratcher, DC
NC	Mooresville	28117	631 Brawley School Road, Suite 408	(704) 385-4129	Alexander Klaus
NC	Southern Pines	28387	1772 Old Morganton Rd.	(910) 541-8733	Paul Trindel
NC	Wilmington	28405	6801 Parker Farm Dr. Ste 130	(910) 239-9074	Alexander Klaus
NC	Wilmington	28412	3846 Carolina Beach Road	(910) 812-9445	Alexander Klaus
NE	Lincoln	68510	3302 O Street, Suite D	(402) 817-3770	Jerry Akers
NE	Omaha	68137	12330 K Plaza, Unit 107	(402) 538-8597	Thomas Fitzpatrick
NH	Manchester	3103	655 South Willow Ste 102	(603) 244-3672	Scott Goodrich
NH	Nashua	3060	219 Daniel Webster Highway	(603) 791-4900	Scott Goodrich
NH	Salem	3079	236 N. Broadway	(603) 206-9961	Scott Goodrich
NJ	Hoboken	7030	325 Washington Street	(201) 942-9882	Victor Chu
NJ	Jersey City	7302	140 Bay St.	(201) 533-9883	Victor Chu
NJ	River Edge	7661	1043 Main St.	(551) 278-5770	Anthony Fava, DC
NJ	Wall Township	7719	1933 Rt 35, Unit 119	(732) 449-9355	Jason Bowers D.C.
NJ	West Caldwell	7006	758 Bloomfield Ave	(862) 702-8929	Diego Ruiz
NV	Carson City	89703	4849 Cochise St., Unit #1	(775) 243-4934	Chris O'Neal
NV	Henderson	89014	1311 Sunset Road, Suite #105	(702) 359-0199	Chris O'Neal
NV	Henderson	89074	1000 N. Green Valley Marketplace	(702) 843-0682	Chris O'Neal
NV	Las Vegas	89149	7120 N. Durango, Suite H-170	(702) 384-1004	Chris O'Neal
NV	Las Vegas	89117	8820 West Charleston Blvd, Suite #103	(702) 759-0190	Chris O'Neal
NV	Las Vegas	89139	4150 Blue Diamond Road, Suite #107	(702) 384-1005	Chris O'Neal
NV	Las Vegas	89128	7175 W. Lake Mead Blvd., Suite 180	(702) 228-6004	Chris O'Neal
NV	Las Vegas	89123	9500 S. Eastern Avenue, Suite #120	(702) 430-7361	Chris O'Neal
NV	Las Vegas	89148	5060 South Fort Apache Rd., Suite 100	(702) 254-6009	Chris O'Neal
NV	Las Vegas	89130	6171 N. Decatur Blvd, Suite #103	(702) 487-4144	Chris O'Neal
NV	Las Vegas	89113	7385 S. Rainbow Blvd. #140	(702) 330-0513	Chris O'Neal
NV	North Las Vegas	89301	5515 Camino Al Norte, Suite 105	(702) 749-9199	Chris O'Neal

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NV	Reno	89523	5110 Mae Anne Ave., Suite 507	(775) 209-9830	Chris O'Neal
NV	Reno	89509	6395 S. McCarren Blvd, Suite C	(775) 200-0017	Chris O'Neal
NV	Reno	89521	537 S Meadows Parkway, Suite 110	(775) 384-8401	Chris O'Neal
NV	Sparks	89434	1560 E Lincoln Way Suite #110	(775) 432-6020	Chris O'Neal
NY	Clifton Park	12065	5 Southside Drive	(518) 557-2627	Gordon Thornton
OH	Avon	44011	35966 Detroit Road	(440) 695-0326	Brock Thompson
OH	Blue Ash	45241	11255 Reed Hartman Hwy, Suite G	(513) 247-0777	Catherine Abrams
OH	Canton	44718	4615 Everhard Rd NW	(234) 714-5010	Stanley Gilreath
OH	Cincinnati	45208	2692 Madison Rd. Suite A2	(513) 866-7179	Dr. Peter Phillips
OH	Cincinnati	45255	7625 Beechmont Avenue Suite D	(513) 866-7101	Dr. Peter Phillips
OH	Columbus	43214	845 Bethel Road	(614) 273-0000	Chad Warner
OH	Columbus	43212	1286 W 5th Avenue	(614) 824-5518	Clifford Thorniley
OH	Columbus	43228	5462 Westpointe Plaza Dr	(614) 714-3269	Clifford Thorniley
OH	Fairview Park	44126	3560 Westgate	(440) 799-8000	Brock Thompson
OH	Gahanna	43230	4685 Morse Road, Suite #3270	(614) 451-2800	Chad Warner
OH	Lorain	44053	5301 Leavitt Rd.	(440) 294-4859	Brock Thompson
OH	Mason	45040	5855 Deerfield Blvd D-102	(513) 496-1517	Catherine Abrams
OH	Mayfield Heights	44124	1550 Golden Gate Plaza	(440) 298-2953	Dr. Peter Phillips
OH	Mentor	44060	9366 Mentor Ave	(440) 298-2792	Dr. Peter Phillips
OH	Middleburg Heights	44130	19113 Bagley Rd	(440) 482-8185	Dr. Peter Phillips
OH	Parma	44129	7713 W. Ridgewood Dr. Unit 924	(440) 345-5678	Brock Thompson
OH	Pickerington	43147	10709 Blacklick Eastern Rd NW Suite 200	(614) 604-7914	Clifford Thorniley
OH	Toledo	43606	3504 Secor Road, Ste 325	(419) 517-6750	Michael Brubaker
OH	University Heights	44118	13910 Cedar Rd	(216) 340-6565	Dr. Peter Phillips
OK	Broken Arrow	74012	835 E Kenosha St.	(918) 351-2722	Coreen Cammarano
OK	Edmond	73034	1193 East 2nd Street	(405) 531-9222	Kevin Hua
OK	Midwest City	73110	7199 SE 29th Street, Ste. 111	(405) 724-2488	Kevin Hua
OK	Norman	73069	1912 NW 24th	(405) 493-8238	Kevin Hua
OK	Oklahoma City	73118	1704 A Belle Isle Blvd	(405) 266-5939	Brent Siemens
OK	Owasso	74055	9046 N. 121th East Ave Suite 400	(918) 400-0693	Coreen Cammarano
OK	Quail Springs	73120	13006 N Pennsylvania Avenue	(405) 446-8884	Kevin Hua
OK	Tulsa	74132	7329 S Olympia Ave.	(918) 265-0924	Coreen Cammarano
OK	Tulsa	74133	10824 E 71st St	(918) 957-5990	Coreen Cammarano
OK	Tulsa	74135	5510 B East 41st Street S	(918) 576-7427	Coreen Cammarano
OR	Beaverton	97007	14600 SW Murray Scholls Drive #102	(503) 590-0777	Chris O'Neal
OR	Beaverton	97005	2905 SW Cedar Hills Blvd. Suite 115	(971) 217-8806	Chris O'Neal
OR	Bend	97701	20504 Robal Lane Suite 110	(541) 359-3872	Jacob Vink
OR	Happy Valley	97086	9363 SE 82nd Avenue	(503) 882-0500	Chris O'Neal
OR	Happy Valley	97015	17105 SE Sunnyside Rd Ste. 148	(503) 479-5333	Chris O'Neal
OR	Hillsboro	97124	7162 NE Cornell Road	(503) 966-1444	Chris O'Neal

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OR	Portland	97209	1525 NW 21st Ave.	(971) 202-9310	Chris O'Neal
OR	Wood Village	97060	832 NE 223rd Avenue	(971) 231-0906	Chris O'Neal
PA	Huntingdon Valley	19006	2162 County Line Rd	(215) 322-9400	Gene Fish, DC
PA	Newtown Square	19073	3520 West Chester Pike	(267) 678-2225	Heather Sefried, DC
PA	Pittsburgh	15237	8874 Covenant Ave.	(412) 364-1329	David Duffy
SC	Aiken	29803	258 Eastgate Drive, Suite #5	(803) 641-3848	Michael Spivey
SC	Anderson	29621	3501 Clemson Blvd, Suite #11	(864) 716-2117	Mici Fluegge
SC	Charleston	29407	975 Savannah Highway	(843) 212-5566	Lindin Carper
SC	Columbia	29206	4710 Forest Drive, Suite C	(803) 790-6800	Robert Keen
SC	Columbia	29212	252 Harbison Blvd, Suite O	(803) 798-8844	Robert Keen
SC	Columbia	29203	961 Roberts Branch Parkway, Suite 103	(803) 888-7770	Robert Keen
SC	Fort Mill	29708	1751 Pleasant Road, Suite #103	(803) 548-4200	C. Kyle Curtis
SC	Greenville	29601	400 East McBee Avenue, Suite 103	(864) 241-8228	Mici Fluegge
SC	Greenville	29607	1140 Woodruff Road	(864) 288-7001	Mici Fluegge
SC	Greenville	29615	3612 Pelham Road Suite C	(864) 713-9638	Mici Fluegge
SC	Greenwood	29649	479 Bypass 72 NW Unit 113	(864) 377-8999	Michael Spivey
SC	Lexington	29072	5454 Sunset Boulevard, suite B	(803) 957-9000	Robert Keen
SC	Mt. Pleasant	29464	616 C Long Point Rd.	†	Lindin Carper
SC	North Augusta	29841	314 E. Martintown Road Unit 15	(803) 594-8439	Michael Spivey
SC	North Charleston	29485	9500 Dorchester Road, Suite #182	(843) 832-6655	Lindin Carper
SC	North Myrtle Beach	29582	1236 Hwy 17 North	(843) 823-3673	Alexander Klaus
SC	Roek Hill	29732	2674 Celanese Road, Suite 105	(803) 324-4200	C. Kyle Curtis
SC	Spartanburg	29301	127 E. Blackstock Road, Suite #500	(864) 576-9919	Mici Fluegge
SC	Summerville	29483	464 D Azalea Square Blvd.	(843) 873-3666	Lindin Carper
SC	Taylors	29687	6015 Wade Hampton Blvd. Suite D	(864) 655-5850	Rob Bousquet, DC
TN	Brentwood	37027	782 Old Hickory Blvd, Suite #111	(615) 953-9310	Christopher Kemper
TN	Chattanooga	37405	313 Manufacturers Road suite C-113	(423) 803-6888	Timothy Vitullo
TN	Chattanooga	37421	2228 Gunbarrel Road #134	(423) 205-1349	Timothy Vitullo
TN	Clarksville	37043	920 US Hwy 76, Unit 70	(931) 820-1072	Christina Judon DC
TN	Cleveland	37312	698 Paul Huff Parkway	(423) 790-0070	Timothy Vitullo
TN	Collierville	38017	3592 S. Houston Levee Rd. Suite 104	(901) 286-8720	Pat Kolwaite, DC
TN	Franklin	37067	545 Cool Springs Blvd #125	(615) 953-9379	Christopher Kemper
TN	Goodlettsville	37072	324 Long Hollow Pike, suite 205	(615) 756-4372	William Thomason
TN	Hendersonville	37075	1006 Glenbrook Way, Ste. 120	(615) 757-3091	Atul "Ash" Kumar
TN	Hermitage	37076	5205 Old Hickory Blvd Suite #102	(615) 551-9403	Atul "Ash" Kumar
TN	Hixson	37343	5928 Hixson Pike, Ste. 116	(423) 541-7200	Timothy Vitullo
TN	Jackson	38305	3189 N. Highland Suite B	(731) 307-2996	Barry Goodman
TN	Johnson City	37604	2112 West Market St. Suite # 70	(723) 401-6992	James David Eads

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TN	Knoxville	37934	11015 Parkside Drive	(865) 671-0272	William Ronald Nichols
TN	Knoxville	37919	5508 Kingston Pike, Suite 150	(865) 500-8896	William Ronald Nichols
TN	Knoxville	37912	2443 Callahan Drive	(865) 859-0654	Kathryn Jessie
TN	Memphis	38016	2200 N. Germantown Parkway, Suite #15	(901) 386-0811	Pat Kolwaite, DC
TN	Memphis	38119	5955 Poplar Avenue, Suite 104	(901) 800-8452	Pat Kolwaite, DC
TN	Memphis	38104	1616 Union Avenue	(901) 437-4551	Pat Kolwaite, DC
TN	Mt. Juliet	37122	401 S Mt. Juliet Road Suite 245	(615) 754-2200	Barry Goodman
TN	Murfreesboro	37129	536 N. Thompson Ln. Suite B	(615) 469-7999	Christopher Kemper
TN	Nashville	37203	2817 West End Avenue, Suite #136	(615) 209-9587	Christopher Kemper
TN	Nashville	37206	1110 Gallatin Ave	(615) 908-4145	Christopher Kemper
TN	Nashville	37217	2290 Murfreesboro Rd.	(615) 412-1635	Christopher Kemper
TN	Nashville	37204	2613 Franklin Pike, #102	(615) 908-4140	Christopher Kemper
TN	Nashville	37221	7630 Highway 70 South, Suite 302	(615) 422-4952	Barry Goodman
TN	Sevierville	37876	750 Winfield Dunn Parkway, Suite 160	(865) 328-9517	Joseph Jessie
TN	Smyrna	37167	661 President Pl. Suite 639	(615) 465-0580	Atul "Ash" Kumar
TX	Abilene	79606	3773 Catelaw Drive	(325) 312-4227	Jay Evans
TX	Allen	75013	816 W McDermott Dr. Ste. 324	(469) 773-4752	Phil Davis
TX	Amarillo	79109	2221 Georgia St S	(806) 418-6666	Ronald Bostick
TX	Arlington	76018	4001 Arlington Highlands, Suite #161	(817) 375-0600	Vincent Mai
TX	Arlington	76011	1707 N Collins St. Suite 131	(817) 987-1218	Phil Davis
TX	Arlington	76017	5335 W. Sublett Rd, Suite 141	(817) 890-9009	Vincent Mai
TX	Austin	78735	4970 W. Highway 290, Suite #480	(512) 891-9989	Larry D. Maddalena, DC
TX	Austin	78759	10710 Research Blvd, Suite #112	(512) 345-5656	Donald Daniels, DC
TX	Austin	78748	8916 Brodie Lane, Suite 500	(512) 792-9506	Donald Daniels, DC
TX	Austin	78717	14028 N. Hwy 183, #150	(512) 257-0767	Ronald Bostick
TX	Austin	78756	5720B Burnet Rd.	(512) 494-6219	Ronald Bostick
TX	Austin	78732	7301 North Ranch Road 620 Suite 125	(512) 494-4040	Ronald Bostick
TX	Austin	78748	9500 South IH 35, Suite L 725	(512) 292-3500	Catherine DeLoof
TX	Austin	78723	1801 E. 51st Street, Building A, Suite #130	(512) 236-1444	Catherine DeLoof
TX	Austin	78727	2501 W Parmer Ln., Suite #600	(512) 276-2479	Jody O'Donnell—all docs to list LLC
TX	Austin	78702	1011 E 5th Street Suite 110	(512) 551-2936	Russell Kriewald
TX	Baytown	77521	6503 Garth Road, Suite 120	(281) 660-1515	Andres Augusta Perez, DC
TX	Beaumont	77701	3850 College St.	(409) 515-7159	Ben Crawford
TX	Brownsville	78526	3230 Pablo Kisel Blvd Suite E-108	(956) 517-1310	Jorge Enrique Talamas Tafieh
TX	Burleson	76028	1169 N. Burleson Bvd. Ste. 103	(682) 628-8440	Vincent Mai
TX	Carrollton	75010	3400 East Hebron Parkway, Suite #112	(214) 446-3838	Phil Davis
TX	Cedar Hill	75104	428 E FM 1382 Suite B	(972) 779-0889	Kevin Hua
TX	Cedar Park	78613	2800 E. Whitestone Blvd, Suite #220	(512) 260-2225	Ronald Bostick

State	City	Zip	Address	Phone	Owner Name
TX	College Station	77845	11671 FM 2154 Suite 150	(979) 704-5700	Drew Perkins DC
TX	Conroe	77304	1317 West Davis St., Suite C-1	(877) 872-4476	Noah Stone
TX	Coppell	75019	106 North Denton Tap Road, Ste 270	(972) 393-2618	Phil Davis
TX	Corpus Christi	78411	5425 South Padre Island Drive, Suite #146	(361) 985-9898	Donald Daniels, DC
TX	Cypress	77429	25626 Northwest Freeway Suite 700	(281) 758-0077	Peter Mistretta
TX	Dallas	75204	3699 McKinney Avenue, Building D, Suite #404	(972) 584-1800	Phil Davis
TX	Dallas	75225	7700 W. Northwest Highway, Suite #200	(214) 393-9966	Phil Davis
TX	Dallas	75244	3797 Forest Lane Suite 111A	(972) 685-3314	Phil Davis
TX	Dallas	75231	7150 Skillman #130	(214) 503-9000	Phil Davis
TX	Dallas	75218	9440 Garland Road ste 166	(972) 863-3800	Phil Davis
TX	Dallas	75248	15212 Montfort Dr, Ste 318	(469) 374-4900	Phil Davis
TX	Denton	76205	1400 S. Loop 288, Ste 106	(940) 435-0505	Dr. Justin Tomblin
TX	Denton	76201	2520 W. University Dr. #1154	(940) 323-0007	Philip Davis
TX	Duncanville	77565	401 FM 518 Suite B	(281) 916-8019	Barrett McNabb, Major (Retired)
TX	El Paso	79912	6450 Desert Boulevard Building E, Suite 104	(915) 348-3155	Ronald Bostick
TX	El Paso	79936	1325 George Dieter Dr, Suite E04	(915) 233-3829	Ronald Bostick
TX	El Paso	79938	14011 Pebble Hills Boulevard, Suite 109	(915) 289-9700	Ronald Bostick

State	City	Zip	Address	Phone	Owner Name
TX	Euless	76039	2131 Highway 121, Suite 300	(817) 508-8299	Phil Davis
TX	Flower Mound	75028	3750 Long Prairie Road, Suite #110	(972) 691-2222	Phil Davis
TX	Fort Worth	76177	2916 Texas Sage Trail	(682) 200-1101	Phil Davis
TX	Fort Worth	76179	4540 Bailey Boswell Rd., Suite 170	(817) 236-0038	Phil Davis
TX	Fort Worth	76107	4601 West Freeway, Suite #204	(817) 732-2070	Vincent Mai
TX	Fort Worth	76132	4825 Overton Ridge Blvd Suite 316	(682) 312-0444	Vincent Mai
TX	Fort Worth	76244	12584 N. Beach Street, Suite 114	(817) 431-2080	Phil Davis
TX	Fort Worth	76107	2600 W 7th St, Suite 140	(817) 510-4707	Kevin Hua
TX	Fort Worth	76123	9660 Ten Gallon Drive	(682) 307-4273	Kevin Hua
TX	Fort Worth	76117	9009 Tehama Ridge Pkwy	(817) 232-6040	Philip Davis
TX	Fulshear	77441	27120 Fulshear Bend Dr., Suite 300	(346) 707-3000	Dr. Volkan Guzel
TX	Georgetown	78626	900 North Austin Ave., Suite 502	(512) 688-5331	Russell Kriewald
TX	Grand Prairie	75052	3148 State Hwy 161, Ste. 430	(817) 662-7299	Kevin Hua
TX	Greater Hobby	77075	9990 Alameda Genoa Road, Suite 300	(713) 820-6754	Barbot McNabb
TX	Harlingen	78552	2205 W Lincoln Street	(956) 230-1715	Jorge Enrique Talamas Tafich

State	City	Zip	Address	Phone	Owner Name
TX	Houston	77095	7037 Highway 6 North	(832) 539-4448	Peter Mistretta
TX	Houston	77065	12020 FM 1960 West, Suite #980	(281) 517-0800	Peter Mistretta
TX	Houston	77098	2612 S Shepherd Drive, Suite A	(832) 426-4849	Ben Crawford
TX	Houston	77055	9778 Katy Freeway, Suite #325	(713) 461-5030	Ben Crawford
TX	Houston	77056	5885 San Felipe, Suite 275	(713) 782-5030	Ben Crawford
TX	Houston	77094	19620 Katy Freeway	(281) 398-3700	Peter Mistretta
TX	Houston	77025	3177 W. Holcombe Blvd.	(713) 588-0858	Dr. Barrett Terry
TX	Houston	77096	360 Meyerland Plaza Mall	(713) 588-0871	Ben Crawford
TX	Houston	77007	174 Yale Street, Suite #500	(713) 588-0859	Ben Crawford
TX	Houston	77070	10927 Louetta Road, Suite #220	(281) 378-7631	Noah Stone
TX	Houston	77063	9650 Westheimer Road, Unit #300	(713) 787-6500	Vincent Mai
TX	Houston	77079	14008 Memorial Drive, Unit E	(281) 497-1400	Charlie Rice
TX	Houston	77081	5409 S Rice Ave., Suite 120	(713) 664-5030	Ben Crawford
TX	Houston	77008	2105 Yale Street	(713) 239-2392	Ben Crawford
TX	Houston	77092	11350 Northwest Fwy, Suite D	(713) 492-0334	Ben Crawford
TX	Houston	77006	120 Westheimer Rd, Suite B	(832) 849-0955	Ben Crawford
TX	Houston	77083	9203 S. Texas 6, Suite #118	(713) 930-0409	Vincent Mai
TX	Houston	77049	15419 Wallisville Rd. Suite B	(832) 529-3999	Andres Augusta Perez, DC
TX	Houston	77087	735 Gulfgate Center Mall	(832) 649-4274	Jeffrey Paul Fredricks-Themanis Rathna Sekar
TX	Humble	77346	7116 FM1960 E	(281) 205-0848	Peter Mistretta
TX	Hurst	76053	760 W. Pipeline Rd, Suite 202	(817) 616-5009	Phil Davis
TX	Hutto	78634	2098 Muirfield Bend Dr. Suite 125	(737) 212-0439	James Fender
TX	Irving	75039	6761 N. Macarthur Blvd., Suite 100	(972) 831-1111	Phil Davis
TX	Katy	77494	6725 S. Fry Road, Suite #500	(281) 395-0500	Peter Mistretta
TX	Katy	77449	22720 Morton Ranch Rd., Suite #120	(832) 271-4234	Peter Mistretta
TX	Killeen	76549	1103 West Stan Schlueter Loop, Building B, Suite 500	(254) 781-2003	Drew Perkins DC
TX	Kingwood	77345	4521 Kingwood Dr. suite 160	(832) 644-5916	Peter Mistretta
TX	Lake Worth	76135	6560 Lake Worth Blvd. Ste 500	(682) 267-9650	Vincent Mai
TX	Lakeway	78734	2009 Main Street Suite 400	(512) 970-5979	Ronald Bostiek
TX	Laredo	78045	7815 McPherson Road Ste. 108A	(956) 405-6279	Glen Shillinglaw
TX	League City	77573	1620 W. FM 646, Suite A	(281) 724-0088	Barbot McNabb
TX	Little Elm	75068	2701 Little Elm Parkway, Suite 110	(469) 200-5913	Philip Davis
TX	Longview	75605	3080 N Eastman Road #114	0	Robert Beason Jr.
TX	Lubbock	79407	1901 Quaker Avenue, Suite #104	(806) 785-2300	Ronald Bostiek
TX	Lubbock	79424	4409 114th St. Suite 150	(806) 454-8036	Ronald Bostiek
TX	Magnolia	77354	6519 FM 1488, Suite #513	(936) 447-9232	Noah Stone
TX	Mansfield	76063	1560 E Debbie Ln, suite 104	(817) 453-8190	Vincent Mai
TX	McAllen	78504	8001 N 10th St. Ste 170	(956) 305-1244	Leo Thatcher Jr., DC
TX	McKinney	75070	6150 West Eldorado Parkway	(972) 540-7807	Phil Davis
TX	McKinney	75071	1871 N Lake Forest Drive Suite 300	(972) 540-2000	Phil Davis
TX	Mesquite	75150	1519 N. Town East Blvd. Suite 200	(214) 484-4256	Phil Davis
TX	Midland	79707	4400 N Midland Drive Suite 401	(432) 218-7600	Jay Evans

State	City	Zip	Address	Phone	Owner Name
TX	Mission	78572	2401 E. Expressway 83, Suite #300	(956) 584-3311	Leo Thatcher Jr., DC
TX	Murphy	75094	222 E FM 544, Suite 204	(972) 423-5455	Phil Davis
TX	New Braunfels	78132	1659 State Hwy 46 West, Suite 170	(830) 609-9345	Reginald Lal
TX	North Richland Hills	76182	9120 North Tarrant Pkwy, Suite 140	(817) 605-9355	Phil Davis
TX	Oak Cliff	75211	1515 N. Cockrell Hill Rd. #104	(972) 685-5431	Phil Davis
TX	Pasadena	77505	5681 Fairmont Parkway, Suite A	(832) 672-5212	Timothy McKinley, DC
TX	Pearland	77584	2810 Business Center Drive, Suite #134	(281) 205-0077	Barbot McNabb
TX	Pearland	77581	2680 Pearland Pkwy Suite 140	(346) 229-5810	Barbot McNabb
TX	Plano	75024	8240 Preston Road, Suite #165	(214) 872-4988	Phil Davis
TX	Plano	75093	4701 W. Park Blvd. #102	(469) 304-0446	Philip Davis
TX	Prosper	75078	4740 West University, suite 140	(469) 481-6496	Phil Davis
TX	Prosper	75078	750 Richland Blvd #70	(972) 848-6935	Philip Davis
TX	Red Oak	75154	109 East Ovilla Road #300	(972) 617-7700	Nathan Byard
TX	Richardson	75082	1415 E. Renner Rd. #220	(972) 234-4333	Phil Davis
TX	Richmond	77406	10415 West Grand Parkway South Ste. 120	(281) 816-3771	Dr. Volkan Guzel
TX	Rockwall	75087	1053 E IH 30 Ste. 113	(111) 111-1111	Kevin Hua
TX	Rosenberg	77469	4130 FM 762 Suite 300	(281) 232-4040	Dr. Volkan Guzel
TX	Round Rock	78664	1700 E. Palm Valley Road, Suite # 400	(512) 248-1234	Donald Daniels, DC
TX	Round Rock	78664	737 Louis Henna Blvd., Suite 200	(512) 953-5800	Donald Daniels, DC
TX	Rowlett	75088	3005 Lakeview Pkwy #101	(972) 475-0025	Phil Davis
TX	San Angelo	76901	2926 Sherwood Way Suite 100	(325) 617-5552	Benjamin Storey
TX	San Antonio	78231	10003 NW Military Highway, Suite #2110	(210) 614-2556	Reginald Lal
TX	San Antonio	78249	5238 DeZavala Road, Suite #116	(210) 614-2557	Reginald Lal
TX	San Antonio	78249	9110 N. Loop 1604 W. Suite 109	(210) 521-2183	James Fender
TX	San Antonio	78253	5519 N. W. Loop 1604, Suite 103	(210) 816-3620	Reginald Lal
TX	San Antonio	78248	1150 N. Loop 1604 W., St. 138	(210) 903-7831	Dr. Don Daniels DC
TX	San Antonio	78232	1724 N. Loop 1604 E., Suite 120	(210) 375-3042	Donald Daniels, DC
TX	San Antonio	78209	118 Mt Calvary Dr #104	(210) 972-1685	Donald Daniels, DC
TX	San Antonio	78257	18427 Rim Dr.	(210) 899-7285	Reginald Lal
TX	San Antonio	78251	10722 Potranco Road, Suite 105	(726) 444-5162	Reginald Lal
TX	San Antonio	78247	2935 Thousand Oaks Dr., Suite 1	(210) 396-7669	Donald Daniels, DC
TX	San Antonio	78259	22100 Bulverde Rd Ste. 110	(210) 985-9974	Reginald Lal
TX	Seagoville	75159	312 North Highway 175	(972) 734-1851	Paul Liechty
TX	Sherman	75090	3903 U.S. 75	(903) 347-5408	Dr. Justin Tomblin
TX	Southlake	76092	1161 E. Southlake Blvd., Suite 210	(817) 488-8845	Phil Davis
TX	Spring	77379	8701 Spring Cypress Road, Suite B	(832) 559-5546	Noah Stone
TX	Spring	77379	21212 Kuykendahl Road, Suite J	(832) 843-7640	Noah Stone
TX	Sugar Land	77478	15870 Southwest Freeway, Suite #100	(281) 265-1005	Joseph Craft
TX	Sugar Land	77479	18841 University Blvd, STE 410	(281) 403-9000	Joseph Craft

State	City	Zip	Address	Phone	Owner Name
TX	Temple	76502	3038 South 31st Street	(254) 239-5302	Drew Perkins DC
TX	The Colony	75056	6225 N Josey Ln.	(972) 987-5219	Phil Davis
TX	The Woodlands	77380	9595 Six Pines Drive, Suite #1470	(281) 465-8555	Noah Stone
TX	The Woodlands	77382	6777 Woodlands Parkway, Suite 308	(281) 255-2440	Noah Stone
TX	Tomball	77377	14040 Farm to Market 2920	(281) 519-6481	Noah Stone
TX	Tyler	75703	8930 S Broadway Suite 208	(903) 418-2079	Billy Perkins
TX	Universal City	78148	902 Kitty Hawk, St. 180	(210) 999-5833	Donald Daniels, DC
TX	Waco	76711	2324 Marketplace Dr. Suite 115	(254) 300-5538	Drew Perkins DC
TX	Waxahachie	75165	1035 N. Highway 77 Suite 300	(972) 544-4365	Paul Liechty
TX	Webster	77598	19431 Gatebrook Drive, #2	(281) 823-9281	Barbot McNabb
TX	West Lake Hills	78646	701 S Capital of Texas Hwy Suite D475	(512) 494-5444	Ronald Bostiek
UT	American Fork	84003	356 North 750 West, Unit D-1	(801) 528-7138	Chris O'Neal
UT	Cottonwood Heights	84121	6910 Highland Drive	(801) 943-3163	Bradley J. Hendricks, DC
UT	Draper	84020	213 E 12300 S H-2	(385) 274-7775	Dr. Paul Davis
UT	Farmington	84025	158 N. Central Ave	(385) 220-2100	Chris O'Neal
UT	Herriman	84096	5522 West 13400 South	(385) 276-3499	Chris O'Neal
UT	Layton	84041	210 South Fort Lane, Ste. 4	(385) 209-1222	Chris O'Neal
UT	Logan	84341	1430 N Main St., Suite 120	(435) 799-3905	Jason Kenney
UT	Millcreek	84117	1775 E Murray Holladay Rd.	(385) 325-8968	Dr. Ryan Rowell
UT	Ogden	84404	185 W. 12th Street, Suite C	(385) 492-0600	Chris O'Neal
UT	Orem	84097	575 E. University Parkway, Suite M222	(385) 203-7100	Chris O'Neal
UT	Park City	84098	1570 Newpark Blvd. Suite D-3	(435) 602-1316	Thaddeus Jacobs
UT	Riverdale	84405	1061 W. Riverdale Rd.	(385) 240-0850	Chris O'Neal
UT	Salt Lake City	84106	1126 E. 2100 S.	(801) 467-8683	Dr. Ryan Rowell
UT	Salt Lake City	84102	358 S 700 E Suite D	(801) 784-6550	Dr. Ryan Rowell
UT	Sandy	84094	9192 South Village Shop Drive	(801) 849-9930	Paul Davis, DC
UT	Saratoga Springs	84045	153 W. Crossroads, Suite A	(518) 532-3216	Chris O'Neal
UT	South Jordan	84095	11463 S. District Drive, Suite #100	(385) 275-0600	Chris O'Neal
UT	Spanish Fork	84660	409 E 1000 N	(801) 894-9110	Mike Starkey
UT	St. George	84790	599 South Mall Drive, Space K-4	(435) 879-3385	Julie Cluff
UT	Taylorsville	84123	1859 W 5400 South	(385) 799-6880	Chris O'Neal
UT	West Bountiful	84010	255 North 500 West, Suite A1	(385) 300-2099	Chris O'Neal
UT	West Jordan	84084	7643 S Jordan Landing Blvd, #140	(801) 508-4853	Julie Cluff
UT	West Valley City	84120	5567 West High Market Dr, Suite K-300	(385) 252-4476	Julie Cluff

State	City	Zip	Address	Phone	Owner Name
VA	Alexandria	22302	3690M King Street	(571) 312-0624	Gordon Thornton
VA	Alexandria	22315	6454 Old Beulah Street	(703) 372-5371	Gordon Thornton
VA	Alexandria	22312	6244 East Little River Turnpike	(703) 782-3497	Justin Velez Hagan
VA	Alexandria	20015	9538 Old Keene Mill Rd.	(703) 783-5734	Justin Velez Hagan
VA	Bristow	20136	10402 Bristow Center Drive	(571) 377-0964	Scott Huber
VA	Charlottesville	22902	315 Merchant Walk Square Ste. 300	(434) 326-0228	Corey Crane
VA	Fairfax	22033	13037 B Lee Jackson Memorial Hwy.	(703) 996-4391	Jarod Rehmann, DC
VA	Fredericksburg	22401	1285 Carl D. Silver Parkway, Building 22, Suite 3	(540) 388-4483	Andrew Collins
VA	Fredericksburg	22407	9857 Patriot Highway	(540) 924-3019	Andrew Collins
VA	Glen Allen	23060	11301 West Broad St #107	(804) 684-8008	Gordon Thornton
VA	Midlothian	23114	136 Charter Colony Pkwy.	(804) 894-9200	Gordon Thornton
VA	Richmond	23230	1601 Willow Lawn Dr. 304D	(804) 545-1022	Gordon Thornton
VA	Stafford	22554	325 Garrisonville Road, Suite #102	(540) 416-1104	Wegayehu Gizaw
VA	Sterling	20166	22000 Dulles Retail Center, Suite 108	(703) 318-3147	Gordon Thornton
VA	Woodbridge	22192	2475 Prince William Pkwy	(571) 771-2164	Wegayehu Gizaw
WA	Bellevue	98007	70 148TH Avenue SE	(425) 449-8429	Witta "Wynn" Payaekapan
WA	Bothell	98021	1427 228th St. SE, STE D2	(425) 908-7923	Witta "Wynn" Payaekapan
WA	Burlington	98233	1835 S Burlington Blvd, Suite 120	(360) 252-9307	Greg Graham D.C.
WA	Everett	98208	12906 Bothell Everett Highway, Suite C	(425) 434-1879	Greg Graham D.C.
WA	Federal Way	98003	1706 S. 320th St. Suite #	(253) 904-3674	Jason Kenney
WA	Lynnwood	98036	6208 196th Street SW, Suite #103	(425) 967-8898	Witta "Wynn" Payaekapan
WA	Mukilteo	98275	11700 Mukilteo Speedway, Suite 203	(425) 405-3923	Richard Greenwell
WA	Redmond	98052	17875 Redmond Way, Suite #160	(425) 256-3074	Witta "Wynn" Payaekapan
WA	Renton	98055	10705 SE Carr Rd.	(425) 264-5092	Witta "Wynn" Payaekapan
WA	Seattle	98116	4704 42nd Ave.	(516) 429-7426	Keith Edwards
WA	Spokane	99202	924 N Division St	(509) 635-3928	Tony Di Giuseppe
WA	Spokane	99218	9329 North Newport HWY.	(509) 587-1417	Tony Di Giuseppe
WA	Tumwater	98512	555 Trospen Road SW Suite 103	(360) 776-1512	Witta "Wynn" Payaekapan
WA	University Place	98466	3836 Bridgeport Way W	(253) 264-0678	Jason Kenney
WA	Vancouver	98683	305 SE Chkalov Drive, Suite 160	(360) 718-7410	Chris O'Neal
WA	Vancouver	98665	7901 NE 6th Ave., Suite 105	(360) 975-4151	Chris O'Neal
WI	Appleton	54915	3825 E Calumet Street #200	(920) 347-8956	Troy Ochowicz
WI	Brookfield	53005	17000 W. Bluemound Road, Unit #105	(262) 649-2075	John Gawronski
WI	Fitchburg	53711	6317 McKee Road, suite 400	(608) 807-5913	Shawn Briquelet
WI	Green Bay	54034	2476 South Oneida St.	(920) 526-1857	Shawn Briquelet

State	City	Zip	Address	Phone	Owner Name
WI	Hales Corners	53130	5760 S 108th St	(414) 710-3342	Marcus Constantine
WI	Madison	53719	728 S. Gammon Rd.	(608) 216-2841	Shawn Briquetelet
WI	Madison	53704	4706 E. Towne Blvd.	(608) 561-4207	Shawn Briquetelet
WI	Madison	53705	3308 University Ave	(608) 527-0583	Shawn Briquetelet
WI	Mequon	53092	10972 N. Port Washington Rd	(262) 205-7597	Stephen Hasbrook
WI	Racine	53406	5502 Washington Ave, Suite 700	(262) 394-8243	Thomas Donahue
WI	Waukesha	53189	1190 West Sunset Drive, Suite 102	(262) 947-4645	Melanie Gawronski
WI	West Allis	53227	3015 S. 108th St.	(513) 717-5314	Melanie Gawronski
WI	Weston	54476	3910 Schofield Ave, #7A	(715) 200-4958	Lisa Briquetelet

**Franchisees With Signed Franchise Agreements
But Outlet Not Yet Opened as of December 31, 2022**

State	City	Address	Owner Phone	Owner Name
AK	To Be Determined	To Be Determined	(907) 707-3908	James Petersen
AL	To Be Determined	To Be Determined	(425) 387-8316	Kip Rapp
AL	To Be Determined	To Be Determined	(334) 685-0323	Artresha Brown
AL	To Be Determined	To Be Determined	(713) 660-9000	Cliff Haigler
AL	To Be Determined	To Be Determined	(256) 527-8468	Robert Cantrell
AL	To Be Determined	To Be Determined	(615) 293-7723	Atul "Ash" Kumar
AL	To Be Determined	To Be Determined	(615) 293-7723	Atul "Ash" Kumar
AL	To Be Determined	To Be Determined	(256) 590-9326	James Wesson
AL	To Be Determined	To Be Determined	(425) 387-8316	Kip Rapp
AR	To Be Determined	To Be Determined	(205) 901-3502	Dylan Breeding
AR	To Be Determined	To Be Determined	(205) 901-3502	Dylan Breeding
AR	To Be Determined	To Be Determined	(205) 901-3502	Dylan Breeding
AZ	To Be Determined	To Be Determined	(602) 405-0558	Teresa Di Giuseppe
CA	To Be Determined	To Be Determined	(480) 392-2810	Daniel Rae D.C.
CA	To Be Determined	To Be Determined	(805) 903-2000	Thomas Burgett
CA	To Be Determined	To Be Determined	(602) 330-2744	Stephanie McRae
CA	To Be Determined	To Be Determined	(480) 392-2810	Daniel Rae D.C.
CA	To Be Determined	To Be Determined	(714) 814-8119	Eric Smith
CA	To Be Determined	To Be Determined	(805) 451-3281	Chris O'Neal
CA	To Be Determined	To Be Determined	(925) 588-1978	Jacqueline Walker
CA	To Be Determined	To Be Determined	(831) 238-1794	Joseph Davi DC

State	City	Address	Owner Phone	Owner Name
CA	To Be Determined	To Be Determined	(805) 451-3281	Chris O'Neal
CA	To Be Determined	To Be Determined	(310) 721-9331	Melissa Stubbs
CA	To Be Determined	To Be Determined	(925) 588-1978	Jacqueline Walker
CA	To Be Determined	To Be Determined	(805) 903-2000	Thomas Burgett
CA	To Be Determined	To Be Determined	(805) 903-2000	Thomas Burgett
CA	To Be Determined	To Be Determined	(916) 761-1949	Waseem Nazir
CA	To Be Determined	To Be Determined	(916) 761-1949	Waseem Nazir
CA	To Be Determined	To Be Determined	(916) 761-1949	Waseem Nazir
CO	To Be Determined	To Be Determined	(970) 290-9511	Scott K. Heiser, DC
CO	To Be Determined	To Be Determined	(303) 918-0370	Dr. Jeremy J. Casagrande DC
CO	To Be Determined	To Be Determined	(303) 557-8193	Eric Brunner
DC	To Be Determined	To Be Determined	(727) 492-8784	Richard "ned" Hull
DC	To Be Determined	To Be Determined	(727) 492-8784	Richard "ned" Hull
FL	To Be Determined	To Be Determined	(404) 457-4552	Kevin Minter
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(404) 316-1038	Jeff McGinty
FL	To Be Determined	To Be Determined	(720) 275-0974	Ernest "Ernie" Arellano
FL	To Be Determined	To Be Determined	(816) 349-2878	Jory Lara Sullivan
FL	To Be Determined	To Be Determined	(816) 349-2878	Jory Lara Sullivan
FL	To Be Determined	To Be Determined	(856) 981-0068	Todd Bogos DC

State	City	Address	Owner Phone	Owner Name
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(772) 971-2548	Timothy O'Grady
FL	To Be Determined	To Be Determined	(630) 209-0532	Coreen Cammarano
FL	To Be Determined	To Be Determined	(303) 507-9309	Kumar Patel
FL	To Be Determined	To Be Determined	(404) 840-0289	Robert Barbieri
FL	To Be Determined	To Be Determined	(770) 680-7418	Kevin Boek
FL	To Be Determined	To Be Determined	(919) 924-8108	Rita Sellers
FL	To Be Determined	To Be Determined	(202) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(815) 275-8002	Gregory Kilbride
FL	To Be Determined	To Be Determined	(407) 617-2615	Jason Comerford
FL	To Be Determined	To Be Determined	(630) 209-0532	Coreen Cammarano
FL	To Be Determined	To Be Determined	(305) 850-8196	David Hutsell
FL	To Be Determined	To Be Determined	(314) 498-2558	Alexandros Pierroustakos
FL	To Be Determined	To Be Determined	(919) 924-8108	Rita Sellers
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(720) 275-0974	Ernest "Ernie" Arellano
FL	To Be Determined	To Be Determined	(305) 850-8196	David Hutsell

State	City	Address	Owner Phone	Owner Name
FL	To Be Determined	To Be Determined	(919) 924-8108	Rita Sellers
FL	To Be Determined	To Be Determined	(303) 709-5779	Joe Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joe Forte
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
FL	To Be Determined	To Be Determined	(630) 209-0532	Coreen Cammarano
FL	To Be Determined	To Be Determined	(404) 840-0289	Robert Barbieri
FL	To Be Determined	To Be Determined	(404) 840-0289	Robert Barbieri
FL	To Be Determined	To Be Determined	(770) 680-7418	Kevin Book
FL	To Be Determined	To Be Determined	(314) 540-7371	Lon Bernstein
FL	To Be Determined	To Be Determined	(303) 709-5779	Joe Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joe Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joe Forte
FL	To Be Determined	To Be Determined	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(815) 275-8002	Gregory Kilbride
GA	To Be Determined	To Be Determined	(678) 770-3436	Shriniwas Dulori
GA	To Be Determined	To Be Determined	(404) 759-7204	Lawrence Rich
GA	To Be Determined	To Be Determined	(770) 713-5663	Tom Haines

State	City	Address	Owner Phone	Owner Name
GA	To Be Determined	To Be Determined	(404) 663-5686	Kenneth Michaud
GA	To Be Determined	To Be Determined	(404) 797-6088	Patrick Greco, DC
GA	To Be Determined	To Be Determined	(678) 770-3436	Shriniwas Dulari
GA	To Be Determined	To Be Determined	(770) 328-3706	Paul Kaiser
GA	To Be Determined	To Be Determined	(512) 914-4253	Ketan Bhagat
GA	To Be Determined	To Be Determined	(512) 914-4253	Ketan Bhagat
IA	To Be Determined	To Be Determined	(410) 591-0183	Brooke Everson
IA	To Be Determined	To Be Determined	(410) 591-0183	Brooke Everson
ID	To Be Determined	To Be Determined	(602) 405-0558	Teresa Di Giuseppe
ID	To Be Determined	To Be Determined	(602) 405-0558	Tony Di Giuseppe
IL	To Be Determined	To Be Determined	(512) 415-6405	Donald Daniels, DC
IL	To Be Determined	To Be Determined	(847) 224-5660	John O'Brien
IL	To Be Determined	To Be Determined	(512) 415-6405	Donald Daniels, DC
IN	To Be Determined	To Be Determined	(727) 743-2600	Alena Walker
IN	To Be Determined	To Be Determined	(615) 429-8245	Barry Goodman
IN	To Be Determined	To Be Determined	(615) 429-8245	Barry Goodman
IN	To Be Determined	To Be Determined	(843) 452-2844	Derek Schroering
KS	To Be Determined	To Be Determined	(316) 708-9100	Monique-Haynes Robertson
KY	To Be Determined	To Be Determined	(217) 413-8155	Maira Dawood
KY	To Be Determined	To Be Determined	(931) 237-4867	Brenda O'Neil D.C.
KY	To Be Determined	To Be Determined	(618) 704-8070	Jonathan Stampfli

State	City	Address	Owner Phone	Owner Name
KY	To Be Determined	To Be Determined	(217) 413-8155	Maira Dawood
KY	To Be Determined	To Be Determined	(618) 704-8070	Jonathan Stampfli
KY	To Be Determined	To Be Determined	(931) 237-4867	Brenda O'Neil D.C.
LA	To Be Determined	To Be Determined	(318) 401-1340	Erich Crawford
LA	To Be Determined	To Be Determined	(870) 918-7424	James Black
MA	To Be Determined	To Be Determined	(617) 653-6065	William "Bill" Morgan
MA	To Be Determined	To Be Determined	(805) 452-7353	Thaddeus Jacobs
MD	To Be Determined	To Be Determined	(704) 560-4332	Herbert Gray
MD	To Be Determined	To Be Determined	(443) 768-8758	Mikhail Burdman
MD	To Be Determined	To Be Determined	(443) 377-5229	Hya Burdman
MD	To Be Determined	To Be Determined	(704) 560-4332	Herbert Gray
MD	To Be Determined	To Be Determined	(404) 444-5713	Kaila Caldwell
MD	To Be Determined	To Be Determined	(480) 313-0935	Edward Frees
MD	To Be Determined	To Be Determined	(443) 377-5229	Hya Burdman
MD	To Be Determined	To Be Determined	(480) 313-0935	Edward Frees
MI	To Be Determined	To Be Determined	(734) 620-5261	Charles Laiacono
MI	To Be Determined	To Be Determined	(516) 659-8920	Jeffrey Rosenberg D.C.
MO	To Be Determined	To Be Determined	(314) 540-7371	Lon Bernstein
MO	To Be Determined	To Be Determined	(314) 540-7371	Lon Bernstein
MO	To Be Determined	To Be Determined	(314) 974-6489	Janet Varner
MO	To Be Determined	To Be Determined	(314) 974-6489	Janet Varner

State	City	Address	Owner Phone	Owner Name
MS	To Be Determined	To Be Determined	(254) 681-0429	Ginger Gautier MacNealy
MS	To Be Determined	To Be Determined	(254) 681-0429	Ginger Gautier MacNealy
NC	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey
NC	To Be Determined	To Be Determined	(919) 744-1975	Heather Sofried, DC
NC	To Be Determined	To Be Determined	(336) 601-2926	Paul Trindel
NC	To Be Determined	To Be Determined	(336) 601-2926	Paul Trindel
NC	To Be Determined	To Be Determined	(414) 419-0880	Ahmed Migdadi
NJ	To Be Determined	To Be Determined	(201) 207-3778	Diego Ruiz
NY	To Be Determined	To Be Determined	(602) 565-6806	Dr. Khaled Abuwandi
NY	To Be Determined	To Be Determined	(602) 565-6806	Dr. Khaled Abuwandi
OH	To Be Determined	To Be Determined	(803) 414-6888	Michael Brubaker
OH	To Be Determined	To Be Determined	(440) 840-1278	Brock Thompson
OK	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
OK	To Be Determined	To Be Determined	(469) 223-8983	Kevin Hua
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
OR	To Be Determined	To Be Determined	(805) 451-3281	Chris O'Neal
OR	To Be Determined	To Be Determined	(805) 451-3281	Chris O'Neal
PA	To Be Determined	To Be Determined	(412) 874-2818	Joseph Spehar
PA	To Be Determined	To Be Determined	(412) 874-2818	Joseph Spehar
PA	To Be Determined	To Be Determined	(724) 816-7925	David Duffy
SC	To Be Determined	To Be Determined	(864) 415-4191	Miei Fluegge
SC	To Be Determined	To Be Determined	(864) 415-4191	Miei Fluegge
TN	To Be Determined	To Be Determined	(858) 692-4590	Christopher Kemper

State	City	Address	Owner Phone	Owner Name
TN	To Be Determined	To Be Determined	(901) 921-4811	Pat Kolwaite, DC
TN	To Be Determined	To Be Determined	(615) 293-7723	Atul "Ash" Kumar
TN	To Be Determined	To Be Determined	(615) 423-7436	Kathryn Jessie
TX	To Be Determined	To Be Determined	(214) 274-1078	Vincent Mai
TX	To Be Determined	To Be Determined	(214) 876-3777	Jody O'Donnell
TX	To Be Determined	To Be Determined	(432) 557-1955	Billy Perkins
TX	To Be Determined	To Be Determined	(325) 439-0922	Jay Evans
TX	To Be Determined	To Be Determined	(214) 274-1078	Vincent Mai
TX	To Be Determined	To Be Determined	(214) 274-1078	Vincent Mai
TX	To Be Determined	To Be Determined	(214) 274-1078	Vincent Mai
TX	To Be Determined	To Be Determined	(214) 274-1078	Vincent Mai
TX	To Be Determined	To Be Determined	(215) 594-9166	Philip Davis
TX	To Be Determined	To Be Determined	(781) 952-0078	Jeffrey Paul Fredricks Themanis Rathna Sekar
TX	To Be Determined	To Be Determined	(512) 335-9845	Russell Kriewald
TX	To Be Determined	To Be Determined	(512) 970-5979	Kevin Stutz
TX	To Be Determined	To Be Determined	(214) 876-3777	Jody O'Donnell
TX	To Be Determined	To Be Determined	(215) 594-9166	Philip Davis
TX	To Be Determined	To Be Determined	(325) 439-0922	Jay Evans
TX	To Be Determined	To Be Determined	(832) 527-4119	Noah Stone
TX	To Be Determined	To Be Determined	(214) 274-1078	Vincent Mai

State	City	Address	Owner Phone	Owner Name
TX	To Be Determined	To Be Determined	(214) 876-3777	Jody O'Donnell
TX	To Be Determined	To Be Determined	(210) 763-6276	Eric Ceeh
TX	To Be Determined	To Be Determined	(713) 539-4055	Ben Crawford
TX	To Be Determined	To Be Determined	713-828-4784	Barbot McNabb
TX	To Be Determined	To Be Determined	(214) 876-3777	Jody O'Donnell
TX	To Be Determined	To Be Determined	(215) 594-9166	Philip Davis
TX	To Be Determined	To Be Determined	(214) 769-2810	Robert Beason Jr.
TX	To Be Determined	To Be Determined	(806) 441-9094	Ronald Bostick
TX	To Be Determined	To Be Determined	(214) 274-1078	Vincent Mai
TX	To Be Determined	To Be Determined	(360) 220-1832	Barrett McNabb, Major (Retired)
TX	To Be Determined	To Be Determined	(972) 922-7478	Chancellor Foulks
TX	To Be Determined	To Be Determined	(281) 797-7982	Joseph Craft
TX	To Be Determined	To Be Determined	(325) 439-0922	Jay Evans
TX	To Be Determined	To Be Determined	(325) 439-0922	Jay Evans
UT	To Be Determined	To Be Determined	(832) 515-4679	Ron Cluff
VA	To Be Determined	To Be Determined	(703) 405-1162	Scott Huber
VA	To Be Determined	To Be Determined	(575) 317-7770	Corey Crane
VA	To Be Determined	To Be Determined	(704) 575-3632	Gordon Thornton
VA	To Be Determined	To Be Determined	(704) 575-3632	Gordon Thornton
VA	To Be Determined	To Be Determined	(215) 460-1222	Justin Velez-Hagan
VA	To Be Determined	To Be Determined	(919) 302-7965	Erin Hampton
WA	To Be Determined	To Be Determined	(602) 405-0558	Tony Di Giuseppe

State	City	Address	Owner Phone	Owner Name
WA	To Be Determined	To Be Determined	(310) 729-5360	Keith Edwards
WA	To Be Determined	To Be Determined	(406) 250-2361	Joel Robinson
WA	To Be Determined	To Be Determined	(408) 315-4651	Jason Kenney
WA	To Be Determined	To Be Determined	(435) 773-5294	Bryson Smith
WI	To Be Determined	To Be Determined	(505) 474-9324	Marcus Constantine
WI	To Be Determined	To Be Determined	(414) 550-8521	Thomas Donahue
WI	To Be Determined	To Be Determined	(920) 740-6608	Troy Ochowicz
WI	To Be Determined	To Be Determined	(414) 339-1451	Stephen Hasbrook
WV	To Be Determined	To Be Determined	(304) 282-9114	Kristina Smith

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Franchisees who had an opened outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement with us during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

State	City	Phone	Owner Name
AL	Huntsville	(256) 698-1593	Mary Catherine Cantrell
AL	Madison	(256) 698-1593	Mary Catherine Cantrell
AR	Bryant	(501) 590-6184	Don E. Fowler
AR	Little Rock	(501) 590-6184	Don E. Fowler
AR	North Little Rock	(501) 590-6184	Don E. Fowler
AZ	Chandler	(480) 247-9336	Stacie Shakarian
AZ	Mesa	(480) 247-9336	Stacie Shakarian
AZ	Phoenix	(602) 399-1777	Peter Darvas, DC
AZ	Scottsdale	(402) 510-4823	Tim Roth
AZ	Tempe	(480) 247-9336	Stacie Shakarian
CA	Danville	(925) 892-3425	Sean Maxwell
CA	Fontana	(909) 948-7582	Sherril Hein
FL	Boynton Beach	(215) 435-8011	Anjan Patel, MD
FL	Lake Worth	(215) 435-8011	Anjan Patel, MD
FL	Palm Beach Gardens	(215) 435-8011	Anjan Patel, MD
FL	Wellington	(215) 435-8011	Anjan Patel, MD
IL	Glen Carbon	(618) 236-9500	Julie Hermann
IL	Shiloh	(618) 236-9500	Julie Hermann
LA	Harahan	(985) 640-9994	David Evans, Pharma D
LA	Monroe	(318) 237-6396	Dallas Humble, DC
MD	Laurel	(301) 442-3859	Imari Niles
MD	Owings Mills	(828) 781-9019	Vivian Armstrong
MD	Rockville	(828) 781-9019	Vivian Armstrong
NC	Charlotte	(828) 781-9019	Michael Leatherman
NC	Raleigh	(919) 848-7774	Rose Boyd, DC
NC	Southern Pines	(984) 212-2425	Nathan and Tina Cambio
NC	Wake Forest	(919) 554-2536	Bryan Osborne, DC
NC	Winston-Salem	(910) 812-9445	Glenn Wilson
NJ	West Caldwell	(914) 907-1963	Eric Seward
TX	Cypress	(832) 539-4448	Stacey Lee
TX	Houston	(832) 539-4448	Stacey Lee
TX	Houston	(832) 539-4448	Stacey Lee
TX	Houston	(832) 539-4448	Stacey Lee
TX	Humble	(713) 412-6390	Gayland Lee
TX	Katy	(832) 539-4448	Stacey Lee
TX	Katy	(713) 412-6390	Gayland Lee
TX	Kingwood	(713) 412-6390	Gayland Lee

State	City	Phone	Owner Name
TX	Midland	(575) 791-8268	William Lee Hilliard
WI	Fitsburg	(608) 234-3955	Jeffrey Boseo
WI	Madison	(608) 234-3955	Jeffrey Boseo
WI	Madison	(608) 234-3955	Jeffrey Boseo
WI	Madison	(608) 234-3955	Jeffrey Boseo

~~*These outlets were terminated prior to opening.~~

EXHIBIT G

~~FORM OF UCC-1 FINANCING STATEMENT~~

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME—insert only one debtor name (1a or 1b)—do not abbreviate or combine names

1a. ORGANIZATION'S NAME						
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS			TOWN	STATE	POSTAL CODE	COUNTRY
1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any _____ <input type="checkbox"/> NONE		

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME—insert only one debtor name (2a or 2b)—do not abbreviate or combine names

2a. ORGANIZATION'S NAME						
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS			TOWN	STATE	POSTAL CODE	COUNTRY
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any _____ <input type="checkbox"/> NONE		

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P)—insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME						
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS			TOWN	STATE	POSTAL CODE	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

~~All of Debtor's inventory, equipment, furnishings, fixtures, and supplies now owned or after-acquired; all of Debtor's accounts now existing or subsequently arising, together with all interest of Debtor, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; all of Debtor's contract rights, now existing or subsequently arising; and all of Debtor's general intangibles, now owned or existing, or after-acquired or subsequently arising.~~

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum _____ [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) All Debtors Debtor 1 Debtor 2
— [ADDITIONAL FEE] — [optional]

8. OPTIONAL FILER REFERENCE DATA

FILING OFFICER COPY — NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

Instructions for National UCC Financing Statement (Form UCC1)

Please type or laser print this form. Be sure it is completely legible. Read all Instructions, especially Instruction 1; correct Debtor name is crucial. Follow Instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. Filing office cannot give legal advice.

Do not insert anything in the open space in the upper any portion of this form; it is reserved for filing office use. thereof, shall be considered severable.

15.3. Binding Effect. This Agreement is binding on the Parties and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a Party to this Agreement.

15.4. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY ALL PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by all Parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the Parties, and there are no other oral or written understandings or agreements between the Parties about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

15.5. Rights of Parties are Cumulative. The rights of the Parties under this Agreement are cumulative and no exercise or enforcement by any Party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

15.6. Survival. All provisions that expressly or by their nature survive the termination, expiration or assignment of this Agreement shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or assignment and until they are satisfied in full or by their nature expire.

15.7. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified.

15.8. Notice. All notices given under this Agreement must be provided in accordance with the Notice Provision of the Franchise Agreement. Any notice to Clinic Operator shall be addressed to:

[_____]

Attn: _____

Email: _____

15.9. Inconsistency. If there is any inconsistency between the executed Management Agreement and this Agreement, this Agreement shall prevail.

15.10. Defined Terms. Any capitalized term that is not defined herein shall have the meaning given to such term in the Franchise Agreement.

15.11. Assignment. Neither Franchisee nor Clinic Operator may assign this Agreement or the Management Agreement, or any of their respective rights or obligations hereunder or thereunder, without our prior written approval, which may be withheld in our sole discretion. We shall have the right to assign this Agreement (a) to any affiliate of ours or (b) to any Person in conjunction with an assignment of the Franchise Agreement to the same Person or to an affiliate of such Person.

15.12. Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

[Signature Page Follows]

The Parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By: _____
Name: _____
Title: _____

Clinic OPERATOR:

[_____]

By: _____
Name: _____
Title: _____

FRANCHISEE:

(If Franchisee is an entity):

[_____]

By: _____
Name: _____
Title: _____

(If Franchisee is not an Entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT A
TO ACCEPTANCE AND ACKNOWLEDGMENT AGREEMENT

Executed The Joint Franchise Agreement

[See Attached]

ATTACHMENT B
TO ACCEPTANCE AND ACKNOWLEDGMENT AGREEMENT

Executed Managed Clinic Addendum

[See Attached]

EXHIBIT “H”-3

WAIVER AGREEMENT

[See Attached]

WAIVER AGREEMENT

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

(“you” and together with us, the “Parties”).

BACKGROUND RECITALS

- A. We offer franchises for a chiropractic clinic that operates under the name THE JOINT® (a “Clinic”). Prior to (or concurrently with) the execution of this Agreement, the Parties have entered into (or are entering into) a The Joint Franchise Agreement (as amended from time to time, the “Franchise Agreement”) for the development and operation of a Clinic.
- B. Clinics offer services that may be deemed “medical” services under applicable state Law, including the Chiropractic Services described herein. Some states adhere to a corporate practice of medicine doctrine (“CPOM”) that applies to chiropractic clinics and may prohibit a Person who is neither a licensed chiropractor nor a Chiropractic PC from owning and operating a Clinic.
- C. In certain states (referred to as Non-CPOM States) a Person who is neither a licensed chiropractor nor a Chiropractic PC may lawfully own and operate a Clinic and employ Chiropractic Staff who provide Chiropractic Services at the Clinic.
- D. Due to CPOM’s restrictions on ownership of a chiropractic clinic, we offer two (2) different franchise models, including a Franchised Clinic and a Managed Clinic. A franchisee who is neither a licensed chiropractor nor a Chiropractic PC may not acquire a Franchised Clinic unless the Clinic is located in a Non-CPOM State and the franchisee signs a Waiver Agreement with us.
- E. You have represented to us that: (i) you are neither a licensed chiropractor nor a Chiropractic PC; and (ii) the state in which your Clinic will be located qualifies as a Non-CPOM State. You have requested that we enter into this Agreement with you to waive the requirement that you acquire franchise rights for a Managed Clinic, and we wish to approve your request subject to the terms and conditions set forth herein.
- F. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the terms and conditions set forth below.

AGREEMENT

- 1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

“Agreement” is defined in the Introductory Paragraph.

“Clinic” is defined in the Background Recitals.

“CPOM” is defined in the Background Recitals.

“Franchise Agreement” is defined in the Background Recitals.

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

“Healthcare Laws” is defined in §2 of this Agreement.

“Non-CPOM State” is defined in the Background Recitals.

“Parties” is defined in the Introductory Paragraph.

“We” or “us” is defined in the Introductory Paragraph.

“You” is defined in the Introductory Paragraph.

- 2. REPRESENTATIONS BY FRANCHISEE. You understand and agree that you are solely responsible for investigating and complying with all industry-specific Laws that regulate or govern the practice of medicine in general or that specifically apply to the practice of chiropractic (“Healthcare Laws”), including, without limitation, Laws that:

- (i) restrict or limit the Persons who may lawfully own a Clinic, provide Chiropractic Services and/or employ Chiropractic Staff, including CPOM and other comparable Laws;
- (ii) regulate the practice of chiropractic, including Laws requiring the licensure of chiropractors or other Chiropractic Staff;
- (iii) restrict physician self-referrals, including the federal Stark Law and comparable state Laws;
- (iv) restrict or prohibit the payment or receipt of remuneration as an inducement or reward for patient referrals, including the federal Anti-Kickback Statute and comparable state Laws;
- (v) restrict or prohibit certain fee splitting arrangements involving physicians or other healthcare professionals;
- (vi) regulate the use of medical devices;
- (vii) regulate the privacy of patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information for Economic and Clinical Health Act (HITECH) and other comparable federal and state Laws; or
- (viii) regulate the advertising of chiropractic clinics or Chiropractic Services.

Healthcare Laws also include rules and regulations promulgated by regulatory boards governing chiropractors and/or chiropractic clinics. As a material inducement to us entering into this Agreement with you, you hereby represent and warrant to us as follows:

- (a) you have conducted independent research regarding Healthcare Laws applicable to your Clinic;
- (b) you have engaged Healthcare Counsel to advise you on Healthcare Laws applicable to your Clinic;
- (c) you have provided your Healthcare Counsel with copies of our FDD, the Franchise Agreement and the other proposed agreements pertaining to the ownership, development and operation of your Clinic; and
- (d) your Healthcare Counsel has opined that, in accordance with applicable Healthcare Laws, you may lawfully own and operate a Franchised Clinic and employ the Chiropractic Staff in accordance with the terms of the Franchise Agreement and Manual.

If we so request, you agree to have your Healthcare Counsel provide us with a legal opinion letter addressed to us and opining that, in accordance with applicable Healthcare Laws, you may lawfully own and operate a Franchised Clinic and employ the Chiropractic Staff who provide Chiropractic Services at the Clinic. The legal opinion letter must be reasonably acceptable to us. You are solely responsible for all legal fees and other costs you incur to engage Healthcare Counsel.

3. CONSENT TO FRANCHISED CLINIC MODEL. In reliance upon your representations and warranties set forth in §2 of this Agreement and your other covenants set forth herein, we hereby approve your request to acquire franchise rights for a Franchised Clinic and waive any obligation for you to sign a Managed Clinic Addendum and/or enter into a Management Agreement with a Chiropractic PC. Accordingly, you will own, operate and manage a Franchised Clinic in accordance with the Franchise Agreement and the Manual.

4. PROFESSIONAL JUDGMENT. You agree that you will not engage in any activities that might interfere with the Professional Judgment of the Chiropractic Staff. You may not control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by the Chiropractic Staff. In recognition of these facts, the Parties acknowledge and agree that if any terms within a Definitive Agreement or the Manual conflict with the Professional Judgment of the Chiropractic Staff, the Professional Judgment of the Chiropractic Staff will control, and the Chiropractic Staff shall be authorized to act in a manner consistent with their Professional Judgment without being deemed in breach of the Definitive Agreements or the Manual or their relationship with you. You shall promptly notify us in writing if any member of the Chiropractic Staff believes any terms within a Definitive Agreement or the Manual conflict with their Professional Judgment.

5. CHANGES TO HEALTHCARE LAWS. You understand that Healthcare Laws (including CPOM) change from time to time, including the enactment of new Healthcare Laws such as CPOM. You must maintain an ongoing attorney-client relationship with Healthcare Counsel for purposes of (among other things) advising you of material changes to Healthcare Laws relevant to your ownership, development and/or operation of the Clinic. If you become aware of any changes to Healthcare Laws that may adversely affect your ability to lawfully own and operate a Franchised Clinic in accordance with the Franchise Agreement and the Manual you must immediately send us a written notice that: (a) identifies the relevant change to Healthcare Laws; (b) summarizes how the change impacts your ownership, development or operation of the Clinic; and (c) if applicable, advises us of your proposed corrective action to ensure ongoing compliance with such Healthcare Laws. If, subsequent to our execution of this Agreement, there is a change to applicable Healthcare Laws that renders your ownership of a Franchised Clinic and/or employment of Chiropractic Staff unlawful, we may require that you convert from a Franchised Clinic to a Managed Clinic in accordance with §2.3 of the Franchise Agreement, which may require you to incur significant additional expense.

6. DISPUTE RESOLUTION. Any dispute between the Parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

7. MISCELLANEOUS.

7.1. Governing Law. This Agreement is governed by the Laws of the State of Arizona without reference to its principles of conflicts of law.

7.2. Severability. Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.

7.3. Binding Effect. This Agreement is binding on the Parties and their respective executors, administrators, heirs, assigns and successors in interest.

7.4. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both Parties and specifically states it is intended to modify this Agreement. The attachment(s), if any, are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the Parties, and there are no other oral or written understandings or agreements between the Parties about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7.5. Notice. All notices given under this Agreement must be provided in accordance with the Notice Provision of the Franchise Agreement.

~~Assignment~~ When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete item B and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. If you want to make a search request, complete item 7 (after reading instruction 7 below) and send Search Report Copy, otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, use 8 1/2 X 11 inch sheets and put at the top of each sheet the name of the first Debtor, formatted exactly as it appears in item 1 of this form; you are encouraged to use Addendum (Form UCC1Ad).

A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.

B. Complete item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

~~1. Debtor name: Enter only one Debtor name in item 1, an organization's name (1a) or an individual's name (1b). Enter Debtor's exact full legal name. Don't abbreviate.~~

~~1a. Organization Debtor. "Organization" means an entity having a legal identity separate from its owner. A partnership is an organization; a sole proprietorship is not an organization, even if it does business under a trade name. If Debtor is a partnership, enter exact full legal name of partnership; you need not enter names of partners as additional Debtors. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed charter documents to determine Debtor's correct name, organization type, and jurisdiction of organization.~~

~~1b. Individual Debtor. "Individual" means a natural person and a sole proprietorship, whether or not operating under a trade name. Don't use prefixes (Mr., Mrs., Ms.). Use suffix box only for titles of lineage (Jr., Sr., III) and not for other suffixes or titles (e.g., M.D.). Use married woman's personal name (Mary Smith, not Mrs. John Smith). Enter individual Debtor's family name (surname) in Last Name box, first given name in First Name box, and all additional given names in Middle Name box.~~

~~For both organization and individual Debtors: Don't use Debtor's trade name, DBA, AKA, FKA, Division name, etc. in place of or combined with Debtor's legal name; you may add such other names as additional Debtors if you wish (but this is neither required nor recommended).~~

~~1c. An address is always required for the Debtor named in 1a or 1b.~~

~~1d. Debtor's taxpayer identification number (tax ID #) — social security number or employer identification number — may be required in some states.~~

~~1e, f, g. "Additional information re organization Debtor" is always required. Type of organization and jurisdiction of organization as well as Debtor's exact legal name can be determined from Debtor's current filed charter document. Organizational ID #, if any, is assigned by the agency where the charter document was filed; this is different from taxpayer ID #; this should be entered preceded by the 2-character U.S. Postal identification of state of organization if one of the United States (e.g., CA12345, for a California corporation whose organizational ID # is 12345); if agency does not assign organizational ID #, check box in item 1g indicating "none."~~

~~Note: If Debtor is a trust or a trustee acting with respect to property held in trust, enter Debtor's name in item 1 and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a decedent's estate, enter name of deceased individual in item 1b and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a transmitting utility or this Financing Statement is filed in connection with a Manufactured Home Transaction or a Public Finance Transaction as defined in applicable Commercial Code, attach Addendum (Form UCC1Ad) and check appropriate box in item 18.~~

~~2. If an additional Debtor is included, complete item 2,~~

~~determined and formatted per Instruction 1. To include further additional Debtors, or one or more additional Secured Parties, attach either Addendum (Form UCC1Ad) or other additional page(s), using correct name format. Follow Instruction 1 for determining and formatting additional names.~~

~~3. Enter information for Secured Party or Total Assignee, determined and formatted per Instruction 1. If there is more than one Secured Party, see Instruction 2. If there has been a total assignment of the Secured Party's interest prior to filing this form, you may either (1) enter Assignor S/P's name and address in item 3 and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Total Assignee's name and address in item 3 and, if you wish, also attaching Addendum (Form UCC1Ad) giving Assignor S/Ps name and address in item 12.~~

~~4. Use item 4 to indicate the collateral covered by this Financing Statement. If space in item 4 is insufficient, put the entire collateral description or continuation of the collateral description on either Addendum (Form UCC1Ad) or other attached additional page(s).~~

~~5. If filer desires (at filer's option) to use titles of lessee and lessor, or consignee and consignee, or seller and buyer (in the case of accounts or chattel paper), or bailee and bailor instead of Debtor and Secured Party, check the appropriate box in item 5. If this is an agricultural lien (as defined in applicable Commercial Code) filing or is otherwise not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 5, complete items 1-7 as applicable and attach any other items required under other law.~~

~~6. If this Financing Statement is filed as a fixture filing or if the collateral consists of timber to be cut or as extracted collateral, complete items 1-5, check the box in item 6, and complete the required information (items 13, 14 and/or 15 on Addendum (Form UCC1Ad)).~~

~~7. This item is optional. Check appropriate box in item 7 to request Search Report(s) on all or some of the Debtors named in this Financing Statement. The Report will list all Financing Statements on file against the designated Debtor on the date of the Report, including this Financing Statement. There is an additional fee for each Report. If you have checked a box in item 7, file Search Report Copy together with Filing Officer Copy (and Acknowledgment Copy). Note: Not all states do searches and not all states will honor a search request made via this form; some states require a separate request form.~~

~~8. This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information (e.g., Secured Party's loan number, law firm file number, Debtor's name or other identification, state in which form is being filed, etc.) that filer may find useful.~~

~~the Financing Statement), and in either case give complete information for each additional Debtor in accordance with Instruction 1 on Financing Statement. All additional Debtor information, especially the name, must be presented in proper format exactly identical to the format of item 1 of Financing Statement.~~

- ~~12. If this Addendum adds an additional Secured Party, complete item 12 in accordance with Instruction 3 on Financing Statement. In the case of a total assignment of the Secured Party's interest before the filing of this Financing Statement, if filer has given the name and address of the Total Assignee in item 3 of the Financing Statement, filer may give the Assignor S/P's name and address in item 12.~~
- ~~13-15. If collateral is timber to be cut or as extracted collateral, or if this Financing Statement is filed as a fixture filing, check appropriate box in item 13; provide description of real estate in item 14; and, if Debtor is not a record owner of the described real estate, also provide, in item 15, the name and address of a record owner. Also provide collateral description in item 4 of Financing Statement. Also check box 6 on Financing Statement. Description of real estate must be sufficient under the applicable law of the jurisdiction where the real estate is located.~~
- ~~16. Use this space to provide continued description of collateral, if you cannot complete description in item 4 of Financing Statement.~~
- ~~17. If Debtor is a trust or a trustee acting with respect to property held in trust or is a decedent's estate, check the appropriate box.~~
- ~~18. If Debtor is a transmitting utility or if the Financing Statement relates to a Manufactured Home Transaction or a Public Finance Transaction as defined in the applicable Commercial Code, check the appropriate box.~~

EXHIBIT H

. You may not assign this Agreement. We have the unrestricted to assign this Agreement to the same extent we are permitted to assign the Franchise Agreement.

7.7. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

* * *

The Parties have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By: _____

Name: _____

Title: _____

YOU (If you are an Entity):

YOU (If you are not an Entity):

a(n) _____

Name: _____

By: _____

Name: _____

Title: _____

Name: _____

Name: _____

Name: _____

EXHIBIT “H”-4

SAMPLE MANAGEMENT AGREEMENT

[See Attached]

MANAGEMENT AGREEMENT

~~(Form May Vary Based on~~ Non-State Requirements ~~Specific)~~

~~THE FORMS OF MANAGEMENT AGREEMENT INCLUDED AS PART OF THIS EXHIBIT ARE PROVIDED FOR YOUR CONVENIENCE TO USE AS A STARTING POINT. YOU SHOULD CONSULT WITH YOUR OWN LEGAL COUNSEL TO REVIEW AND CHANGE THE MANAGEMENT AGREEMENT, AS NECESSARY, TO ENSURE THAT IT MEETS THE LEGAL REQUIREMENTS OF YOUR STATE.~~

MANAGEMENT AGREEMENT

(Most States)

~~THIS MANAGEMENT AGREEMENT~~ This Management Agreement (“Agreement”) is made effective as of _____ by and between _____, a [State] [corporation/limited liability company], having its principal place of business at _____ (“the “Company””), and _____, a _____ [State] professional service corporation, having its principal place of business at _____ (the “P.C.”) [**This defined term may be adapted to correspond to the applicable business form (i.e., P.L.L.C.).**]

~~WHEREAS, the~~ BACKGROUND RECITALS

- A. The P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.;
- B. ~~WHEREAS, the~~ The P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the “Clinic”) at _____ (the “Premises”) and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; ~~and~~.
- C. ~~WHEREAS, the~~ The Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.
- D. ~~NOW, THEREFORE, in~~ In consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree ~~as follows:~~ to the terms and conditions set forth below:

AGREEMENT

1. Representations and Warranties.

- 1.1. ~~1.1~~ Representations and Warranties of the Company. -The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.
- 1.2. ~~1.2~~ Representations and Warranties of the P.C.— The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:
 - (a) The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.
 - (b) Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.
 - (c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by ~~Section §~~4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively “Laws”).

2. Furnishings and Equipment, Use of Premises, Trade Name

2.1. ~~2.1~~ **Title and Maintenance.** -During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. -The P.C. shall use, and shall cause its Providers (as defined in ~~Section §4.2~~, below) to use, the Equipment and Furnishings in connection with the Clinic in a manner that the P.C. determines is in the best interest of its patients. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times. ~~Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times.~~ -The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. -During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. -All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with ~~Section §3.1~~ of this Agreement. - The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.

2.2. Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

~~2.2~~ Liens, Encumbrances, Etc. ~~The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.~~

~~2.2.2.3~~ 2.3 **Use of Premises.** - The Company will provide as a license to use space, the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant. ~~This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant.~~ -The P.C. shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.

~~2.3.2.4~~ 2.4 **Return of Equipment and Furnishings.** - Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

~~2.4.2.5~~ 2.5 **Assignment.** - The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.

2.6. Reporting. In addition to P.C.'s right to approve the initial Equipment identified in Exhibit A, the P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. may refer the patient for consultation or treatment elsewhere, if the P.C. deems such to be in the best interest of its patient(s). The P.C. hereby approves the use of the Equipment identified in Exhibit A hereto. The Equipment in Exhibit A will be furnished by the Company at no

additional expense to the P.C. However, if P.C. chooses to use different therapeutic equipment, this will be treated as an additional expense of the P.C. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

~~**2.6 Reporting.** - In addition to P.C.'s right to approve the initial Equipment identified in Exhibit A, the P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. may refer the patient for consultation or treatment elsewhere, if the P.C. deems such to be in the best interest of its patient(s). The P.C. hereby approves the use of the Equipment identified in Exhibit A hereto. The Equipment in Exhibit A will be furnished by the Company at no additional expense to the P.C. However, if P.C. chooses to use different therapeutic equipment, this will be treated as an additional expense of the P.C. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.~~

~~**2.5.2.7.2.7 Use of Trade Name.** - The Company shall provide P.C. with a revocable license to use the name "The Joint[®]", "The Joint Chiropractic[®]", or "The Joint...the chiropractic place[®]", for the Clinic (the "Name"), and the Name shall be used by the P.C. in conformity with all applicable Laws.~~

3. General Responsibilities of the Company. - Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, and whose activities shall in all respects be subject to and act in compliance with applicable Laws and regulation related thereto.

3.1. ~~3.1~~ Maintenance, Repair and Servicing of Furnishings and Equipment. -During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.

3.2. Administrative and Management Services

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. (~~(the "Management Services")~~), as described below. -The Company shall be the exclusive provider to the P.C. of such Management Services. -The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. - Subject to P.C.'s oversight and ultimate authority over all issues, Company is expressly authorized to take such actions that Company, in the exercise of reasonable discretion, deems necessary and/or appropriate to fulfill its obligations under this Agreement and meet the day-to-day requirements of P.C., including the responsibility and commensurate authority to provide full service management services for P.C. as set forth in this Agreement, including -supplies, support services, third party contracting, quality assurance, educational activities, risk management, billing and collection services, management, administration, financial record keeping and reporting, and other business services as provided in this Agreement. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement.- Any contracts with such affiliates shall be arms' length agreements on terms reasonably available from reasonably efficient competing vendors. Nothing herein shall be construed to interfere with P.C.'s or its licensed providers' professional judgment or actions with respect to the diagnosis and treatment of any of their patients.

(b) The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:

(i) business planning;

(ii) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in ~~Section §~~4.4(d) hereof);

~~(iii) bookkeeping, accounting, and data processing services;~~

~~(iii) — bookkeeping, accounting, and data processing services;~~

(iv) maintenance of patient records in accordance with procedures established by the P.C. pursuant to ~~Section §~~1.2(c) above;

~~(v) materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.'s approval of the selection of chiropractic equipment for the Clinic;~~

~~(vi) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;~~

~~coordinate human resources management, including primary direction of recruitment, training, and management of all Administrative Staff (defined in~~

~~(v) — materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.'s approval of the selection of chiropractic equipment for the Clinic;~~

~~(vi) — administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;~~

~~(vii) — coordinate human resources management, including primary direction of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);~~

~~(vii) §3.3 below);~~

(viii) billing to and collection from all payors, accounts receivable and accounts payable processing, all in accordance with the P.C.'s decisions made in consultation with the Company;

(ix) administering utilization, cost and quality management systems that are established in accordance with ~~Section §~~4.3;

~~(x) subject to the P.C.'s approval of all materials that become public, developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;~~

~~(x) — subject to the P.C.'s approval of all materials that become public, developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;~~

(xi) arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance

coverages;

(xii) providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities of the Clinic, in accordance with applicable laws;

(xiii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;

(xiv) performing credentialing support services such as application processing and information verification;

(xv) developing and providing OSHA compliance programs and consulting;

(xvi) developing and providing P.C. with consulting services regarding pricing and membership plan strategies for the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and

~~(xiv) performing credentialing support services such as application processing and information verification;~~

~~(xv) developing and providing OSHA compliance programs and consulting;~~

~~(xvi) developing and providing P.C. with consulting services regarding pricing and membership plan strategies for the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and~~

(xvii) to the extent not included in any of the services listed in Section §3.2(b)(i) – (xv) providing:

(a) relationship development with Chiropractic schools;

(b) personnel training and orientation in non-Chiropractic areas;

(c) monitoring of industry developments and strategic planning;

(d) payroll processing;

(e) public relations;

(f) facilities management;

coordination and negotiation of

~~(a) relationship development with Chiropractic schools;~~

~~(b) personnel training and orientation in non-Chiropractic areas;~~

~~(c) monitoring of industry developments and strategic planning;~~

~~(d) payroll processing;~~

~~(e) public relations;~~

~~(f) facilities management;~~

~~(g) coordination and negotiation of clinic financing efforts;~~

(h) clinic remodels;

- (i) continuing education programs;
- (j) client scheduling design software;
- (k) coordinate client service and complaint handling, provided that any clinical complaints shall be directed to the P.C. or its providers;
- (l) clinic management analysis;
- (m) internal publications development and distribution;
- (n) conference and travel coordination; and
- (o) administration of committees.

(c) The Company shall not provide any of the following services to the Clinic:

(i) the assignment of Providers to treat patients;

~~(h) clinic remodels;~~

~~(i) continuing education programs;~~

~~(j) client scheduling design software;~~

~~(k) coordinate client service and complaint handling, provided that any clinical complaints shall be directed to the P.C. or its providers;~~

~~(l) clinic management analysis;~~

~~(m) internal publications development and distribution;~~

~~(n) conference and travel coordination; and~~

~~(o) administration of committees.~~

~~(a) The Company shall not provide any of the following services to the Clinic:~~

~~(i) the assignment of Providers to treat patients;~~

~~(i)(ii) assumption of responsibility for the care of patients;~~

~~(ii)(iii) serving as the party to whom bills and charges are made payable;~~

(iv) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in (State).

3.3. Administrative Staff. Subject to P.C.'s oversight and ultimate authority (including ratification of all non-chiropractic personnel who indirectly are involved in patient care), Company may recommend for employment and termination the employment of all Non-Chiropractic Personnel as Company will deem necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Chiropractic Personnel, with the exception of activities, if any, carried on by Non-Chiropractic Personnel which must be under the direction or supervision of licensed chiropractors in accordance with applicable law and regulations. Unless otherwise specifically agreed in writing, Company shall administer compensation, benefits, and scheduling of all Non-Chiropractic Personnel providing any services for or on behalf of P.C., and such personnel will be employees or independent contractors employed or engaged by Company.

(ii) ~~any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in _____ (State).~~

~~**3.3 Administrative Staff.** Subject to P.C.'s oversight and ultimate authority (including ratification of all non-chiropractic personnel who indirectly are involved in patient care), Company may recommend for employment and termination the employment of all Non-Chiropractic Personnel as Company will deem necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Chiropractic Personnel, with the exception of activities, if any, carried on by Non-Chiropractic Personnel which must be under the direction or supervision of licensed chiropractors in accordance with applicable law and regulations. Unless otherwise specifically agreed in writing, Company shall administer compensation, benefits, and scheduling of all Non-Chiropractic Personnel providing any services for or on behalf of P.C., and such personnel will be employees or independent contractors employed or engaged by Company.~~

~~**3.3.3.4.3.4 — Patient Records.** - The Company shall preserve the confidentiality of any patient records that it stores on behalf of the P.C., including the restriction of access to such records by its own personnel to only those whose specific job description requires access to such information on a routine basis.~~

~~**3.4.3.5.3.5 — Performance Standards.** -All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.~~

4. **Responsibilities of the P.C.**

Professional Services. ~~During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers.~~

4.1. ~~**4.1 — Professional Services.** During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers.~~ Company will provide assistance to P.C. in recruiting and evaluating prospective chiropractors and support personnel as employees or independent contractors of P.C. P.C. will make all decisions relating to hiring, training, managing, and termination of Chiropractic Personnel. At the request of P.C., Company will administer compensation, benefits, and scheduling of Chiropractic Personnel on behalf of the P.C. as directed by P.C., which shall exclusively oversee and direct all clinical and patient care activities. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.

4.2. ~~**4.2 — Time Commitment.** -The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as “Providers”) in adequate numbers to meet the chiropractic needs of the patients of the Clinic. -The P.C. shall provide such services during normal business hours, as established in consultation with the Company.- The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. -The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.~~

4.3. ~~**4.3 — Quality of Service.** -The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. -The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or~~

other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate.

4.4. ~~4.4~~ — Billing and Collection.

- (a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s decisions made in consultation with the Company regarding billing procedures for professional services provided by the P.C. -All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Company and the P.C. (the "Account Bank"). -The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.

The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement.

- (b) ~~The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement.~~ -The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power and authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in ~~Section~~ §4.13 below). -The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.

- (c) With respect to funds deposited in the Concentration Account (the "P.C.'s revenues"), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the "Operating Account"). -The Company shall hold the P.C.'s Revenues in the Operating Account as the P.C.'s agent, and shall administer such Revenues on the P.C.'s behalf. -The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.'s Revenues.

- (d) On at least a monthly basis, the Company shall pay, from the P.C.'s Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in ~~Section~~ §4.13 hereof and the current month's Management Fee as defined in ~~Section~~ §5 hereof (collectively, the "P.C.'s Monthly Obligations"). -In the event that the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account. -The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. -In the event that there is a monthly profit that exceeds the P.C.'s Monthly

Obligations (the “Monthly Profits”), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.

Licensure.

4.5. ~~4.5~~ — ~~Licensure.~~ The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. — The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.

4.6. **Continuing Education.** The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

~~4.6~~ ~~Continuing Education.~~ The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

4.7. ~~4.7~~ — **Disciplinary Actions.** - The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: -(i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.8. **Outside Activities.**

The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.’s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld.

(a) ~~The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.’s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld.~~ The P.C. shall assure that each of its Providers shall not provide chiropractic services other than on behalf of the P.C., unless such activity is disclosed in writing to and is expressly authorized in writing by the Company. -In the event that any of the P.C.’s Providers shall violate any provision of this ~~Section~~ §4.8(a), the P.C.’s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action to cease such activity.

(b) ~~(b)~~ — Except as otherwise approved in advance by the Company, and to the extent permitted by law, all amounts collected by the P.C. for chiropractic services, regardless of the source of payment, shall be assigned and belong to the Company including honoraria, royalties, revenues from patents, copyrights or other licensable intellectual property, revenues from teaching and supervising licensees-in-training and revenues from other professional activities (“Outside Income”).

4.9. ~~4.9~~ — Patient Records.

- (a) The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.
- (b) ~~The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder.~~ The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at PC's discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or a licensed chiropractor identified by the Company who will provide chiropractic services at the Premises or ensure that such records are transferred to a successor P.C. that will provide chiropractic services at the Premises.- Notwithstanding the foregoing, such successor P.C. or chiropractor shall be obligated to transfer a patient's record in accordance with the patient's request.
- (c) As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.

4.10. Credentialing. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.

~~(a) — As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.~~

~~4.10 — Credentialing. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.~~

~~4.10.4.11. 4.11~~ Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.

~~4.11.4.12. 4.12~~ Standards of Care. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.

~~4.12 — Standards of Care. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.~~

~~4.12.4.13. 4.13~~ P.C. Expenses.- The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:

- (a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all

contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;

- (b) Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;
- (c) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;
- (d) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;
- (e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

~~(a) — Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;~~

~~(b) — Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;~~

~~(c) — Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;~~

~~(d) — Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;~~

~~(e) — State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;~~

~~(a)~~ (f) Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and

~~(b)~~ (g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.

The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Management Fee.

- (a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to all revenues received by the P.C., less the expenses of the P.C. that the Company pays on behalf of the P.C.
- (b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates).

~~(a) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates).~~

- (c) ~~The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining.~~ No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. -In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

- (a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. -No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. -To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.
- (b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.

~~(a) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.~~

7. Insurance.

7.1. ~~7.1~~ — General Comprehensive Liability Insurance. During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. ~~During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary.~~ These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for ~~third (30)~~ thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration. ~~and of a policy's material modification, cancellation or expiration.~~

7.2. ~~7.2~~ — Equipment Insurance. The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. ~~The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine.~~ These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for ~~thirty (30)~~ thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

~~and of a policy's material modification, cancellation or expiration.~~

~~7.2.~~~~7.3.~~ 7.3 — Malpractice Insurance. ~~During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, as an occurrence-based policy with limits of not less than ~~one million dollars~~ (\$1,000,000) per occurrence and ~~three million dollars~~ (\$3,000,000) in the aggregate], which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. -In the event the P.C. has no other option but to obtain a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. -The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. -These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.~~

8. Indemnification by the P.C. - The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the ~~p.c.~~ OF This P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising from or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. -The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Company, which may become known to the P.C.

9. **Indemnification by the Company.**- The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. -The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.

10. **Security Interest.**- As security for Practice's obligations set forth in this Agreement, Shareholder, who is owner of 100% of P.C.'s shares of common stock, hereby pledges, and as inducement to Company to enter into this Agreement, grants a security interest in, assigns, transfers, and delivers to Company (or Company's qualifying designee) P.C.'s shares to Company as collateral security for the performance of P.C.'s obligations hereunder. In the event of a breach by or default of P.C. of this Agreement, or upon termination of this Agreement for any reason, and as further provided below, Shareholder shall cooperate as reasonably requested in the transfer of P.C.'s shares to a chiropractor independently determined to be competent designated by Company. In connection with this grant of a security interest, Shareholder represents and warrants that Shareholder owns the pledged shares free and clear of any material liens, claims, encumbrances, or security interests of any kind or nature whatsoever; that Shareholder is not precluded, by agreement or operation of law or otherwise, from making this pledge, and needs no further authority or authorization for this pledge; and that the pledge of the shares as collateral creates a valid first priority lien on and a first priority perfected security interest and lien in the collateral and proceeds thereof, securing the performance of P.C.'s obligations under this Agreement.

11. **Actions Requiring Company's Consent.**- As inducement to Company to enter into this Agreement, P.C. agrees that it shall not take certain governance actions without Manager's consent. -Therefore, notwithstanding anything in this Agreement to the contrary, P.C. agrees that the following actions by P.C. shall be void unless undertaken with the prior written consent of Manager:

(a) The issuance, reclassification, recapitalization, redemption of capital stock of P.C. or of any security convertible into shares of capital stock of P.C., without prior consultation and written consent of Manager;

(b) The payment of any dividends on the capital stock of P.C. or other -distribution to the shareholders of P.C., without prior consultation and written consent of Manager;

~~(c) Any consolidation, conversion, merger or stock/share exchange of P.C. without prior consultation and written consent of Manager;~~

~~(e)(d) Any sale, assignment, pledge, lease, exchange, transfer or other disposition (without prior consultation and written consent of Manager), excluding salaries, but including without limitation a mortgage or other security device, of assets, including P.C.'s accounts receivable, constituting in the aggregate five percent (5%) or more (in any transaction or series of transactions over any consecutive five (5) year period) of the total assets of P.C. at the end of its most recent fiscal year ending prior to such disposition; and~~

~~(a) Any consolidation, conversion, merger or stock/share exchange of P.C. without prior consultation and written consent of Manager;~~

~~(b) Any sale, assignment, pledge, lease, exchange, transfer or other disposition (without prior consultation and written consent of Manager), excluding salaries, but including without limitation a mortgage or other security device, of assets, including P.C.'s accounts receivable, constituting in the aggregate five percent (5%) or more (in any transaction or series of transactions over any consecutive five (5) year period) of the total assets of P.C. at the end of its most recent fiscal year ending prior to such disposition; and~~

~~(d)(e) The dissolution or liquidation of P.C.~~

12. Non-Solicitation.

~~(a)~~ Intentionally Omitted.

- (a)
- (b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.
- (c) In the event that any of the P.C.'s Providers shall violate any provision of this ~~Section §~~12, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.
- (d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to ~~Section §~~4.4(d), as consideration for the non-solicitation provision set forth in ~~Section §~~12-(b) above.

Proprietary Rights. The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information").

13. ~~Proprietary Rights. The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information").~~ The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

14. Enforcement.

- (a) The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

(b) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or

reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C. and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Company.

- (c) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.

~~(a) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C. and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Company.~~

~~(b) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any~~

~~“shop rights” or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.~~

~~(b)~~(d) The P.C. agrees that the restrictive covenants set forth in ~~Sections §12 and §13~~ are reasonable in nature, duration and geographical scope.- The P.C. further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court or arbitrator of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety. -If a court or arbitrator of competent jurisdiction determines that any of the restrictive covenants set forth in ~~Section §12 or §13~~ are unreasonable in nature, duration or geographic scope, then the P.C. agrees that such court or arbitrator shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. -If any court or arbitrator finds that the P.C. and/or any Provider has breached the restrictive covenants set forth in ~~Sections §12 or §13~~ above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.

Employment Agreements.

15. ~~**Employment Agreements.** The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement.~~ The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. Any liquidated damages paid to the P.C. by Providers pursuant to contracts between the P.C. and such Providers shall be assigned by the P.C. and paid over to the Company.

16. Term and Termination.

- (a) The term of this Agreement shall be for [**coterminous with franchise agreement**] years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ~~ninety (90)~~ days prior written notice of its intention not to renew prior to the expiration of then current term.
- (b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party:- (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ~~ninety (90)~~ days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of ~~thirty (14)~~30 days.
- (c) The Company may terminate this Agreement immediately upon any of the following events:
- (i) ~~(i)~~—The date of death of [**Name of sole shareholder**];

- (ii) ~~(ii)~~—The date **[Name of sole shareholder]** is determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services;
- (iii) ~~(iii)~~—The date **[Name of sole shareholder]** becomes disqualified under the Bylaws of the P.C. or applicable law to be a shareholder of the P.C.;
- (iv) ~~(iv)~~—The date upon which any of the shares of stock in the P.C. held by **[Name of sole shareholder]** are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;
- (v) ~~(v)~~—The date upon which **[Name of sole shareholder]** ceases to provide chiropractic services in connection with the P.C.; or

~~(vi) The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.~~

~~(vi) —The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.~~

- (d) The Company may terminate this Agreement if the P.C. fails, within seven (7) days after receiving written notice from the Company, to remove from the Clinic any Provider who the Company determines has materially disrupted or interfered with the performance of the P.C.’s obligations hereunder. —This provision shall not be construed as permitting the Company to control or impair the P.C.’s or the Providers’ chiropractic judgment, professional performance or patient of care.
- (e) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of termination for any reason of any of the following agreements:— the Company’s operating agreement and/or the employment agreement between the P.C. and _____ **[Doctor’s Name]**.
- (f) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. ~~forty-five (45)~~ days’ prior written notice.
- (g) Either party may terminate this Agreement upon ~~thirty (30)~~ days’ prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within ~~thirty (30)~~ days after the non-breaching party has given notice thereof to the other party.
- (h) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under ~~paragraph §~~5 hereof as of the date of termination or expiration.
- (i) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.’s possession or under the P.C.’s control.

If, in the opinion (the “Opinion”) of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the “Notice”) of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as “Action”), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse

proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable.

- (j) ~~If, in the opinion (the “Opinion”) of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the “Notice”) of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as “Action”), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable.~~ If, within ~~ninety (90)~~ days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: ~~the date one hundred and eight (180)~~ days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. ~~In the event of a termination of this Agreement in accordance with this Section § 16(j), then the restrictions contained in § 10 and § 11 of this Agreement shall be waived and shall be of no further effect.~~

17. Obligations After Termination. Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement: ~~Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:~~

- (a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;
- (b) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;
- (c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and

~~(a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;~~

~~(b) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;~~

~~(c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and~~

- ~~(a)~~(d) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to ~~Section § 17(b), (c), or (d)~~, the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.

- 18. Return of Proprietary Property and Confidential Information.**- All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: -(a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.
- 19. Status of Parties.** In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.
- ~~2. Status of Parties. In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.~~
- 20. Force Majeure.**- Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. -In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. -It is agreed that financial inability shall not be a matter beyond a party's reasonable control.
- 21. Notices.** Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.
- ~~3.—Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties. Notices. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.~~
- ~~4.—Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.~~
- 22.**
- 23. No Rights in Third Parties.** -Except as provided in ~~Section §~~ 15, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.

24. **Governing Law.** This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **-[Insert State where franchisee and P.C. are located.]**
25. **Severability.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.
26. **Waiver.** The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.
27. **Rights Unaffected.** No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.
28. **Interpretation of Syntax.** All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.
29. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.
- ~~5.—Further Actions.~~ Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof. ~~Interpretation of Syntax. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.~~
- ~~6.—Successors.~~ This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.
- ~~7.—Further Actions.~~ Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.
- ~~29.30.~~
- ~~30.31.~~ **Non-Assignment.** -The P.C. may not assign this Agreement except with the prior written approval of the Company. -The Company may assign this Agreement.
- ~~31.32.~~ **Access of the Government to Records.** -To the extent that the provisions of ~~Section §~~ 1861(v)(1)(I) of the Social Security Act [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. -The obligations hereunder shall extend for four (4) years after furnishing of such services. -The parties shall notify each other of any such request for records.

~~IN WITNESS WHEREOF~~ In witness whereof, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

[P.C.]

[JOINT FRANCHISEE/ "Company"]

By: _____
Its: | _____ |

By: _____
Its: _____

EXHIBIT A
TO JOINT MANAGEMENT AGREEMENT
EQUIPMENT/FURNISHINGS
[Insert "Supply List" for each Clinic]

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (the “Addendum”) to the Management Agreement (the “Agreement”) dated _____, by and between the P.C. and the Company (for purposes of this addendum, the “Business Associate”), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the “HITECH Act”), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as “HIPAA”).

Definitions. For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below: **Its: President** _____ **Its:** _____

EXHIBIT A
TO JOINT MANAGEMENT AGREEMENT
EQUIPMENT/FURNISHINGS

{Insert "Supply List" for each Clinic}

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

~~This Business Associate Addendum (the “Addendum”) to the Management Agreement (the “Agreement”) dated _____, by and between the P.C. and the Company (for purposes of this addendum, the “Business Associate”), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the “HITECH Act”), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as “HIPAA”).~~

~~I. — Definitions. For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:~~

1.
 - (a) ~~“*Protected Health Information*” shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. “Protected Health Information” does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.~~

- ~~(b) “Required by Law” shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. “Required by Law” includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.~~

~~Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.~~

- ~~A. — “Required by Law” shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. “Required by Law” includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.~~

~~Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.~~

2. **Permitted Uses and Disclosures.** ~~Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:~~

- (a) Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.
- (b) Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration or to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this ~~Section H§2~~(b), Business Associate shall ~~H(i)~~ obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.
- (c) Business Associate may use or disclose protected Information as Required by Law.

(d) Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.

3. Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.

4. Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.

5. Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.

6. Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).

~~A. Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.~~

~~H. Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.~~

~~III. Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall~~

maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.

~~IV.—Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.~~

~~V.—Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, “Security Incident” means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.’s information in Business Associate’s possession, or (ii) interfere with Business Associate’s system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).~~

~~4.7. Mitigation.- Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum. -~~

5.8. Access to protected health information by the P.C.

- (a) Within ~~(10)~~ days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate’s possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§-164.524.
- (b) Within ~~ten(10)~~ days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate’s possession necessary for the P. C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R §-164.528.
- (c) Within ~~ten(10)~~ days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate’s possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. §-164.526.- At the P.C.’s direction, Business Associate shall incorporate any amendments to a patient’s Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.

9. Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.

~~VI.—Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.~~

~~VII.—Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information~~

infeasible.

~~VIII. Obligations of P.C.~~

~~A. — Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.~~

~~(d)(a) P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.~~

~~B. — P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.~~

~~IX. — Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.~~

~~X. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.~~

~~XI. Conflicting Terms. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.~~

MANAGEMENT AGREEMENT

(For Use in CA)

~~THIS MANAGEMENT AGREEMENT~~ (“Agreement”) is made effective as of _____ by and between _____, a [State] [corporation/limited liability company], having its principal place of business at _____ (“the Company”), and _____, a _____ [State] professional service corporation, having its principal place of business at _____ (the “P.C.”) [**This defined term may be adapted to correspond to the applicable business form (i.e., P.L.L.C.).**].

~~WHEREAS~~, the P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.;

~~WHEREAS~~, the P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the “Clinic”) at _____ (the “Premises”) and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; and

~~WHEREAS~~, the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

~~NOW, THEREFORE~~, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

~~1.1 Representations and Warranties of the Company.~~ The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.

~~1.2 Representations and Warranties of the P.C.~~ The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.

(b) Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by Section 4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively “Laws”).

2. Furnishings and Equipment, Use of Premises, Trade Name

~~2.1 Title and Maintenance.~~ During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. All Equipment selected for use at the Clinic and identified in Exhibit A must be reviewed and approved by the P.C. The P.C. shall use, and shall cause its Providers (as defined in Section 4.2, below) to use, the Equipment and Furnishings in connection with the Clinic in a manner that the P.C. determines is in the best interest of its patients. Title to the Equipment and Furnishings, including any

improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with Section 3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.

2.2 Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Use of Premises. The Company will provide as a license to use space, the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant. The P.C. shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.

2.4 Return of Equipment and Furnishings. Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.5 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.

~~3.1.1.1.~~ **2.6 Reporting.** In addition to P.C.'s right to approve the initial Equipment identified in Exhibit A, the P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. may refer the patient for consultation or treatment elsewhere, if the P.C. deems such to be in the best interest of its patient(s). The P.C. hereby approves the use of the Equipment identified in Exhibit A hereto. The Equipment in Exhibit A will be furnished by the Company at no additional expense to the P.C. However, if P.C. chooses to use different therapeutic equipment, this will be treated as an additional expense of the P.C. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. ~~The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.~~

2.7 Use of Trade Name. The Company shall provide P.C. with a revocable license to use the name "The Joint®", "The Joint Chiropractic®", or "The Joint...the chiropractic place®" for the Clinic (the "Name"), and the Name shall be used by the P.C. in conformity with all applicable Laws.

3. General Responsibilities of the Company. Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day to day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, in all respects subject to applicable Laws.

3.1 Maintenance, Repair and Servicing of Furnishings and Equipment. During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.

3.2 Administrative and Management Services

~~(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. (“the Management Services”), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. Subject to P.C.’s oversight and ultimate authority over all issues, Company is expressly authorized to take such actions that Company, in the exercise of reasonable discretion, deems necessary and/or appropriate to fulfill its obligations under this Agreement and meet the day-to-day requirements of P.C., including the responsibility and commensurate authority to provide full service management services for P.C. as set forth in this Agreement, including supplies, support services, third party contracting, quality assurance, educational activities, risk management, billing and collection services, management, administration, financial record keeping and reporting, and other business services as provided in this Agreement. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms’ length agreements on terms reasonably available from reasonably efficient competing vendors. Nothing herein shall be construed to interfere with P.C.’s or its licensed providers’ professional judgment or actions with respect to the diagnosis and treatment of any of their patients.~~

~~(b) The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:~~

~~(i) business planning;~~

~~(ii) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.’s Monthly Obligations (as defined in Section 4.4(d) hereof);~~

~~(xviii)(i) bookkeeping, accounting, and data processing services;~~

~~(iii) maintenance of patient records owned and maintained by the P.C. in accordance with procedures established by the P.C. pursuant to Section 1.2(c) above;~~

~~(iv) materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.’s approval of the selection of chiropractic equipment for the Clinic;~~

~~(v) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;~~

~~(vi) coordinate human resources management, including primary direction of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);~~

~~(vii) billing to and collection from all payors, on behalf of and in the name of the P.C., accounts receivable and accounts payable processing, all in accordance with the P.C.’s instructions and final approval made in consultation with the Company;~~

~~(viii) administering utilization, cost and quality management systems that are established in accordance with Section 4.3;~~

~~(ix) developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;~~

~~(x) arrange for the P.C. to obtain and maintain malpractice and other agreed upon~~

insurance coverages;

~~(xi) providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities of the Clinic, subject to the P.C.'s approval of the materials used to advertise, market and promote the Clinic;~~

~~(xii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;~~

~~(xiii) performing credentialing support services such as application processing and information verification;~~

~~(xix)(i) developing and providing OSHA compliance programs and consulting;~~

~~(xiv) developing and providing P.C. with consulting services regarding pricing and membership plan strategies for the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and~~

~~(xv) to the extent not included in any of the services listed in Section 3.2(b)(i) providing:~~

~~(a) relationship development with Chiropractic schools;~~

~~(b) personnel training and orientation in non-Chiropractic areas;~~

~~(c) monitoring of industry developments and strategic planning;~~

~~(d) payroll processing;~~

~~(e) public relations;~~

~~(f) facilities management;~~

~~(g) coordination and negotiation of clinic financing efforts;~~

~~(h) clinic remodels;~~

~~(i) continuing education programs;~~

~~(j) client scheduling design software;~~

~~(k) coordinate client service and complaint handling, provided that any clinical complaints shall be directed to the P.C. or its providers;~~

~~(l) clinic management analysis;~~

~~(m) internal publications development and distribution;~~

~~(n) conference and travel coordination; and~~

~~(o) administration of committees.~~

~~(c) The Company shall not provide any of the following services to the~~

~~Clinic:~~

~~(i) the assignment of Providers to treat patients, including determining how many patients a chiropractor must see in a given period or how many hours a chiropractor must work;~~

~~(ii) assumption of responsibility for the care of patients including the treatment options available;~~

~~(iii) serving as the party to whom bills and charges are made payable;~~

~~(iv) determining what diagnostic tests are appropriate for a particular condition;~~

~~(v) determining the need for referrals to or consultation with another healthcare provider; and~~

~~(vi) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the~~

~~Clinic to be subject to licensure under applicable laws and regulations in (State).~~

~~**3.1.2.1.1. 3.3 Administrative Staff.** Subject to P.C.'s oversight and ultimate authority (including ratification of all non-chiropractic personnel who indirectly are involved in patient care), Company may recommend for employment and termination the employment of all Non-Chiropractic Personnel as Company will deem necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Chiropractic Personnel, with the exception of activities, if any, carried on by Non-Chiropractic Personnel which must be under the direction or supervision of licensed chiropractors in accordance with applicable law and regulations. Unless otherwise specifically agreed in writing, Company shall administer compensation, benefits, and scheduling of all Non-Chiropractic Personnel providing any services for or on behalf of P.C., and such personnel will be employees or independent contractors employed or engaged by Company.~~

~~**3.4 Patient Records.** The Company shall preserve the confidentiality of any patient records that it stores on behalf of the P.C., including the restriction of access to such records by its own personnel to only those whose specific job description requires access to such information on a routine basis.~~

~~**3.5 Performance Standards.** All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.~~

~~**4. Responsibilities of the P.C.**~~

~~**4.1 Professional Services.** During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement, and termination of all Providers. Company will provide assistance to P.C. in recruiting and evaluating prospective chiropractors and support personnel as employees or independent contractors of P.C.. P.C. will make all decisions relating to hiring, training, managing, and termination of Chiropractic Personnel. At the request of P.C., Company will administer compensation, benefits, and scheduling of Chiropractic Personnel on behalf of the P.C. as directed by P.C., which shall exclusively oversee and direct all clinical and patient care activities. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.~~

~~**4.2 Time Commitment.** The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as “Providers”) in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall establish the Clinic’s hours of operation and provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.~~

~~**4.3 Quality of Service.** The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate.~~

~~**4.4 Billing and Collection.**~~

~~(a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.’s instructions and final approval made in consultation with the Company regarding coding and billing procedures for professional services provided by the P.C. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the “Concentration Account”) with a bank mutually agreed to by the Company and the P.C. (the “Account Bank”). The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.~~

~~(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement. The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power and authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.’s Expenses (as defined in Section 4.13 below). The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.~~

~~(c) With respect to funds deposited in the Concentration Account (the “P.C.’s revenues”), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the “Operating Account”). The Company shall hold the P.C.’s Revenues in the Operating Account as the P.C.’s agent, and shall administer such Revenues on the P.C.’s behalf. The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.’s Revenues.~~

~~(d) On at least a monthly basis, the Company shall pay, from the P.C.’s Revenue in the Operating Account, all of the current month’s P.C. Expenses, as defined in Section 4.13 hereof and the current month’s Management Fee as defined in Section 5 hereof (collectively, the “P.C.’s Monthly Obligations”). In the event that the P.C.’s Revenue (including the current month’s interest earned on the P.C.’s Revenue) is insufficient to pay fully the P.C.’s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the “Deficit Advance”) by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this~~

Agreement. In the event that there is a monthly profit that exceeds the P.C.'s Monthly Obligations (the "Monthly Profits"), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.

~~**4.5 Licensure.** The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.~~

~~**4.6 Continuing Education.** The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.~~

~~**4.7 Disciplinary Actions.** The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.~~

~~**4.8 Reserved.**~~

~~4.9 Patient Records.~~

~~(a) — The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.~~

~~(b) — The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at P.C.'s discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or a licensed chiropractor identified by the Company who will provide chiropractic services at the Premises or ensure that such records are transferred to a successor P.C. that will provide chiropractic services at the Premises. Notwithstanding the foregoing, such successor P.C. or chiropractor shall be obligated to transfer a patient's record in accordance with the patient's request.~~

~~(c) — As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.~~

~~4.10 — Credentialing. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.~~

~~4.11 — Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.~~

~~4.12 — Standards of Care. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.~~

~~4.13 — P.C. Expenses. The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:~~

~~(a) — Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;~~

~~(b) — Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;~~

~~(c) — Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;~~

~~(d) — Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;~~

~~(e)(a) — State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed~~

~~against the P.C. or the Providers;~~

~~(e) Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and~~

~~(f) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.~~

~~The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.~~

5. Management Fee.

~~(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to [_____ Dollars (\$_____)]. The Management Fee will be adjusted annually by the parties. The Management Fee shall be paid in accordance with Section 4.4(d). In the event that in any month the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P.C. shall be obligated to pay such amount until fully paid in accordance with Section 4.4(d). The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals to the Clinic or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Clinic.~~

~~(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates).~~

~~(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.~~

~~6. Regulatory Matters.~~

~~(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.~~

~~(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.~~

~~7. Insurance.~~

~~**7.1 General Comprehensive Liability Insurance.** During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for third (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.~~

~~**31.3.1.1. 7.2 Equipment Insurance.** The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.~~

~~**7.3 Malpractice Insurance.** During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of not less than [one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate], which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.~~

~~**8. Indemnification by the P.C.** The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising from or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat~~

thereof, against P.C. or any Provider, or the Company, which may become known to the P.C.

~~9. **Indemnification by the Company.** The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.~~

~~10. **Security Interest.** As security for Practice's obligations set forth in this Agreement, Shareholder, who is owner of 100% of P.C.'s shares of common stock, hereby pledges, and as inducement to Company to enter into this Agreement, grants a security interest in, assigns, transfers, and delivers to Company (or Company's qualifying designee) P.C.'s shares to Company as collateral security for the performance of P.C.'s obligations hereunder. In the event of a breach by or default of P.C. of this Agreement, or upon termination of this Agreement for any reason, and as further provided below, Shareholder shall cooperate as reasonably requested in the transfer of P.C.'s shares to a chiropractor independently determined to be competent designated by Company. In connection with this grant of a security interest, Shareholder represents and warrants that Shareholder owns the pledged shares free and clear of any material liens, claims, encumbrances, or security interests of any kind or nature whatsoever; that Shareholder is not precluded, by agreement or operation of law or otherwise, from making this pledge, and needs no further authority or authorization for this pledge; and that the pledge of the shares as collateral creates a valid first priority lien on and a first priority perfected security interest and lien in the collateral and proceeds thereof, securing the performance of P.C.'s obligations under this Agreement.~~

~~11. **Actions Requiring Company's Consent.** As inducement to Company to enter into this Agreement, P.C. agrees that it shall not take certain governance actions without Manager's consent. Therefore, notwithstanding anything in this Agreement to the contrary, P.C. agrees that the following actions by P.C. shall be void unless undertaken with the prior written consent of Manager:~~

~~(a) — The issuance, reclassification, recapitalization, redemption of capital stock of P.C. or of any security convertible into shares of capital stock of P.C., without prior consultation and written consent of Manager;~~

~~(b) — The payment of any dividends on the capital stock of P.C. or other distribution to the shareholders of P.C., without prior consultation and written consent of Manager;~~

~~(c) — Any consolidation, conversion, merger or stock/share exchange of P.C. without prior consultation and written consent of Manager;~~

~~(d) — Any sale, assignment, pledge, lease, exchange, transfer or other disposition (without prior consultation and written consent of Manager), excluding salaries, but including without limitation a mortgage or other security device, of assets, including P.C.'s accounts receivable, constituting in the aggregate five percent (5%) or more (in any transaction or series of transactions over any consecutive five (5) year period) of the total assets of P.C. at the end of its most recent fiscal year ending prior to such disposition; and~~

~~(e) — The dissolution or liquidation of P.C.~~

~~12. **Non-Solicitation.**~~

~~(a) Intentionally Omitted.~~

~~(b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any~~

patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.

~~(c) In the event that any of the P.C.'s Providers shall violate any provision of this Section 12, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.~~

~~(d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to Section 5(a), as consideration for the non-solicitation provisions set forth in Section 12 (b) above.~~

~~**13. Proprietary Rights.** The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates. Nothing herein is intended to refer to a patient health or treatment records.~~

~~**14. Enforcement.** The P.C. agrees that the restrictive covenants set forth in Sections 12 and 13 are reasonable in nature, duration and geographical scope. The P.C. further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court or arbitrator of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety. If a court or arbitrator of competent jurisdiction determines that any of the restrictive covenants set forth in Section 12 or 13 are unreasonable in nature, duration or geographic scope, then the P.C. agrees that such court or arbitrator shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. If any court or arbitrator finds that the P.C. and/or any Provider has breached the restrictive covenants set forth in Sections 12 or 13 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.~~

~~**15. Employment Agreements.** The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. Any liquidated damages paid to the P.C. by Providers pursuant to contracts between the P.C. and such Providers shall be assigned by the P.C. and paid over to the Company.~~

~~**16. Term and Termination:**~~

~~(a) The term of this Agreement shall be for ~~[coterminous with franchise agreement]~~ years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.~~

~~(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness,~~

~~reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of thirty (14) days.~~

~~(c) The Company may terminate this Agreement immediately upon any of the following events:~~

~~(i) — The date of death of [Name of sole shareholder];~~

~~(ii) — The date [Name of sole shareholder] is determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services~~

~~(iii) — The date [Name of sole shareholder] becomes disqualified under the Bylaws of the P.C. or applicable law to be a shareholder of the P.C.;~~

~~(iv) — The date upon which any of the shares of stock in the P.C. held by [Name of sole shareholder] are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;~~

~~(v) — The date upon which [Name of sole shareholder] ceases to provide chiropractic services in connection with the P.C.; or~~

~~(vi) — The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.~~

~~(d) The Company may terminate this Agreement if the P.C. fails, within seven (7) days after receiving written notice from the Company, to remove from the Clinic any Provider who the Company determines has materially disrupted or interfered with the performance of the P.C.'s obligations hereunder. This provision shall not be construed as permitting the Company to control or impair the P.C.'s or the Providers' chiropractic judgment, professional performance or patient of care.~~

~~(e) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of t~~

~~(f) termination for any reason of any of the following agreements: the Company's operating agreement and/or the employment agreement between the P.C. and _____ [Doctor's Name].~~

~~(g) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. forty five (45) days' prior written notice.~~

~~(h) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.~~

~~(i) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under paragraph 5 hereof as of the date of termination or expiration.~~

~~(j) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.~~

~~(k) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a~~

date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eight (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 16(k), then the restrictions contained in 12 and 13 of this Agreement shall be waived and shall be of no further effect.

~~17. Obligations After Termination.~~ Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

(a) ~~The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;~~

(b) ~~The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;~~

(c) ~~Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and~~

(d) ~~Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to Section 17(b), (c), or (d), the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.~~

~~18. Return of Proprietary Property and Confidential Information.~~ All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

~~19. Status of Parties.~~ ~~In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.~~

~~20. Force Majeure.~~ ~~Neither party shall be deemed to be in default of this Agreement if prevented from~~

performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

~~21. **Notices.** Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.~~

~~22. **Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.~~

~~23. **No Rights in Third Parties.** Except as provided in Section 15, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.~~

~~24. **Governing Law.** This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **[Insert State where franchisee and P.C. are located.]**~~

~~25. **Severability.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.~~

~~26. **Waiver.** The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.~~

~~27. **Rights Unaffected.** No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.~~

~~28. **Interpretation of Syntax.** All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.~~

~~29. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.~~

~~30. **Further Actions.** Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.~~

~~31. **Non-Assignment.** The P.C. may not assign this Agreement except with the prior written approval of the Company. The Company may assign this Agreement.~~

~~32. **Access of the Government to Records.** To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Act [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make~~

~~available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extend for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.~~

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

{P.C.} _____ **{JOINT FRANCHISEE/ "Company"}**

By: _____ **By:** _____
Its: President _____ **Its:** _____

EXHIBIT A
TO JOINT MANAGEMENT AGREEMENT
EQUIPMENT/FURNISHINGS

{Insert "Supply List" for each Clinic}

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

This ~~Business Associate Addendum~~ (the “~~Addendum~~”) to the ~~Management Agreement~~ (the “~~Agreement~~”) dated _____, by and between the P.C. and the Company (for purposes of this addendum, the “~~Business Associate~~”), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the “~~HITECH Act~~”), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as “~~HIPAA~~”).

I. ~~Definitions.~~ For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:

A. ~~“Protected Health Information” shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. “Protected Health Information” does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.~~

~~(e)(a) “Required by Law” shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. “Required by Law” includes, but is not limited to, court orders and court-ordered warrants, subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.~~

~~Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.~~

II. ~~Permitted Uses and Disclosures.~~ Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:

A. ~~Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate’s responsibilities and duties under the Agreement.~~

B. ~~Business Associate may use or disclose Protected Health Information for Business Associate’s proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(b), Business Associate shall (i) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it~~

was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.

~~C. Business Associate may use or disclose protected Information as Required by Law.~~

~~(f)(a) Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.~~

~~III. **Disclosure to Agent.** In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.~~

~~IV. **Safeguards.** Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.~~

~~V. **Reporting of Improper Disclosures.** Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.~~

~~VI. **Reporting of Disclosures of Security Incidents.** Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).~~

~~VII. **Mitigation.** Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.~~

~~VIII. Access to protected health information by the P.C.~~

~~A. Within (10) days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§ 164.524.~~

~~B. Within ten (10) days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P.C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R. § 164.528.~~

~~C. Within ten (10) days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. § 164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.~~

~~IX. Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.~~

~~X. Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.~~

~~XI. Obligations of P.C.~~

~~A. Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.~~

~~B. P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.~~

~~(g)(a) P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.~~

~~XII. Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.~~

~~XIII. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses~~

~~including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.~~

~~XIV. Conflicting Terms. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.~~

MANAGEMENT AGREEMENT

(For Use in FL, IL, NY and Other
States Requiring Flat Fee for Management Services)

~~THIS MANAGEMENT AGREEMENT~~ (“Agreement”) is made effective as of _____ by and between _____, a [State] [corporation/limited liability company], having its principal place of business at _____ (“the Company”), and _____, a _____ [State] professional service corporation, having its principal place of business at _____ (the “P.C.”) [**This defined term may be adapted to correspond to the applicable business form (i.e., P.L.L.C.).**].

~~WHEREAS~~, the P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.;

~~WHEREAS~~, the P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the “Clinic”) at _____ (the “Premises”) and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; and

~~WHEREAS~~, the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

~~NOW, THEREFORE~~, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

~~1.1 Representations and Warranties of the Company.~~ The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.

~~1.2 Representations and Warranties of the P.C.~~ The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) — The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.

(b) — Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) — The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by Section 4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively “Laws”).

2. Furnishings and Equipment, Use of Premises, Trade Name

~~2.1 Title and Maintenance.~~ During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers (as defined in Section 4.2, below) to use, the Equipment and Furnishings in connection with the Clinic in a manner that the P.C. determines is in the best interest of its patients. ~~Title to the Equipment and Furnishings, including any~~

~~improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with Section 3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.~~

~~**3.1.4.1.1. 2.2 Liens, Encumbrances, Etc.** The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.~~

~~**2.3 Use of Premises.** The Company will provide as a license to use space, the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant. The P.C. shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.~~

~~**2.4 Return of Equipment and Furnishings.** Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).~~

~~**2.5 Assignment.** The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.~~

~~**2.6 Reporting.** In addition to P.C.'s right to approve the initial Equipment identified in Exhibit A, the P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. may refer the patient for consultation or treatment elsewhere, if the P.C. deems such to be in the best interest of its patient(s). The P.C. hereby approves the use of the Equipment identified in Exhibit A hereto. The Equipment in Exhibit A will be furnished by the Company at no additional expense to the P.C. However, if P.C. chooses to use different therapeutic equipment, this will be treated as an additional expense of the P.C. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.~~

~~**2.7 Use of Trade Name.** The Company shall provide P.C. with a revocable license to use the name "The Joint®", "The Joint Chiropractic®", or "The Joint...the chiropractic place®" for the Clinic (the "Name"), and the Name shall be used by the P.C. in conformity with all applicable Laws.~~

~~**3. General Responsibilities of the Company.** Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day to day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, in all respects subject to applicable Laws.~~

~~**1.1 Maintenance, Repair and Servicing of Furnishings and Equipment.** During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.~~

~~**3.2 Administrative and Management Services**~~

~~(a) The Company shall provide, or arrange for the provision of, certain business,~~

management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. (“the Management Services”), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. Subject to P.C.’s oversight and ultimate authority over all issues, Company is expressly authorized to take such actions that Company, in the exercise of reasonable discretion, deems necessary and/or appropriate to fulfill its obligations under this Agreement and meet the day-to-day requirements of P.C., including the responsibility and commensurate authority to provide full service management services for P.C. as set forth in this Agreement, including supplies, support services, third party contracting, quality assurance, educational activities, risk management, billing and collection services, management, administration, financial record keeping and reporting, and other business services as provided in this Agreement. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms’ length agreements on terms reasonably available from reasonably efficient competing vendors. Nothing herein shall be construed to interfere with P.C.’s or its licensed providers’ professional judgment or actions with respect to the diagnosis and treatment of any of their patients.

~~(b) — The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:~~

~~(i) — business planning;~~

~~(ii) — financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.’s Monthly Obligations (as defined in Section 4.4(d) hereof);~~

~~(iii) — bookkeeping, accounting, and data processing services;~~

~~(iv) — maintenance of patient records in accordance with procedures established by the P.C. pursuant to Section 1.2(c) above;~~

~~(xx)(i) materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.’s approval of the selection of chiropractic equipment for the Clinic;~~

~~(xxi)(i) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;~~

~~(v) — coordinate human resources management, including primary direction of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);~~

~~(vi) — billing to and collection from all payors, accounts receivable and accounts payable processing, all in accordance with the P.C.’s decisions made in consultation with the Company;~~

~~(vii) — subject to the P.C.’s approval of all materials that become public, administering utilization, cost and quality management systems that are established in accordance with Section 4.3;~~

~~(viii) — developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;~~

~~(ix) — arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;~~

~~(x) — providing administrative services in connection with the P.C.’s advertising;~~

marketing and promotional activities of the Clinic, in accordance with applicable laws;

~~(xi) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;~~

~~(xii) performing credentialing support services such as application processing and information verification;~~

~~(xiii) developing and providing OSHA compliance programs and consulting;~~

~~(xxii)(i) developing and providing P.C. with consulting services regarding pricing and membership plan strategies for the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and~~

~~(xiv) to the extent not included in any of the services listed in Section 3.2(b)(i)~~
(xv) providing:

~~(p)(a) relationship development with Chiropractic schools;~~

~~(q)(a) personnel training and orientation in non-Chiropractic areas;~~

~~(r)(a) monitoring of industry developments and strategic planning;~~

~~(s)(a) payroll processing;~~

~~(t)(a) public relations;~~

~~(u)(a) facilities management;~~

~~(a) coordination and negotiation of clinic financing efforts;~~

~~(v)(a) clinic remodels;~~

~~(w)(a) continuing education programs;~~

~~(x)(a) client scheduling design software;~~

~~(y)(a) coordinate client service and complaint handling, provided that any clinical complaints shall be directed to the P.C. or its providers;~~

~~(z)(a) clinic management analysis;~~

~~(aa)(a) internal publications development and distribution;~~

~~(bb)(a) conference and travel coordination; and~~

~~(cc)(a) administration of committees.~~

~~(e)(a) The Company shall not provide any of the following services to the Clinic:~~

~~(i) the assignment of Providers to treat patients;~~

~~(ii) assumption of responsibility for the care of patients;~~

~~(iii) serving as the party to whom bills and charges are made payable;~~

~~(iii)(i) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in _____ (State).~~

~~**3.3 Administrative Staff.** Subject to P.C.'s oversight and ultimate authority (including ratification of all non-chiropractic personnel who indirectly are involved in patient care), Company may recommend for employment and termination the employment of all Non-Chiropractic Personnel as Company will deem necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Chiropractic Personnel, with the exception of activities, if any, carried on by Non-Chiropractic Personnel which must be under the direction or supervision of licensed chiropractors in accordance with applicable law and regulations. Unless otherwise specifically agreed in writing, Company shall administer compensation, benefits, and scheduling of all Non-Chiropractic Personnel providing any services for or on behalf of P.C., and such personnel will be employees or independent contractors employed or engaged by Company.~~

~~**3.4 Patient Records.** The Company shall preserve the confidentiality of any patient records that it stores on behalf of the P.C., including the restriction of access to such records by its own personnel to only those whose specific job description requires access to such information on a routine basis.~~

~~**3.5 Performance Standards.** All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.~~

~~**4. Responsibilities of the P.C.**~~

~~**4.1 Professional Services.** During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers. Company will provide assistance to P.C. in recruiting and evaluating prospective chiropractors and support personnel as employees or independent contractors of P.C. P.C. will make all decisions relating to hiring, training, managing, and termination of Chiropractic Personnel. At the request of P.C., Company will administer compensation, benefits, and scheduling of Chiropractic Personnel on behalf of the P.C. as directed by P.C., which shall exclusively oversee and direct all clinical and patient care activities. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.~~

~~**4.2 Time Commitment.** The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.~~

~~**4.3 Quality of Service.** The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate.~~

~~**4.4 Billing and Collection.**~~

~~(a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s decisions made in consultation with the Company regarding billing procedures for professional services~~

~~provided by the P.C. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Company and the P.C. (the "Account Bank"). The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.~~

~~(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement. The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power and authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in Section 4.13 below). The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.~~

~~(c) With respect to funds deposited in the Concentration Account (the "P.C.'s revenues"), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the "Operating Account"). The Company shall hold the P.C.'s Revenues in the Operating Account as the P.C.'s agent, and shall administer such Revenues on the P.C.'s behalf. The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.'s Revenues.~~

~~(d) On at least a monthly basis, the Company shall pay, from the P.C.'s Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in Section 4.13 hereof and the current month's Management Fee as defined in Section 5 hereof (collectively, the "P.C.'s Monthly Obligations"). In the event that the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. In the event that there is a monthly profit that exceeds the P.C.'s Monthly Obligations (the "Monthly Profits"), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.~~

~~**4.5 Licensure.** The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.~~

~~**4.6 Continuing Education.** The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.~~

~~**4.7 Disciplinary Actions.** The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.~~

~~**4.8 Outside Activities.**~~

~~(a) — The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The P.C. shall assure that each of its Providers shall not provide chiropractic services other than on behalf of the P.C., unless such activity is disclosed in writing to and is expressly authorized in writing by the Company. In the event that any of the P.C.'s Providers shall violate any provision of this Section 4.8(a), the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action to cease such activity.~~

~~(b) — Except as otherwise approved in advance by the Company, and to the extent permitted by law, all amounts collected by the P.C. for chiropractic services, regardless of the source of payment, shall be assigned and belong to the Company including honoraria, royalties, revenues from patents, copyrights or other licensable intellectual property, revenues from teaching and supervising licensees in training and revenues from other professional activities (“Outside Income”).~~

4.9 Patient Records.

~~(a) — The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.~~

~~(b) — The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at P.C.'s discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or a licensed chiropractor identified by the Company who will provide chiropractic services at the Premises or ensure that such records are transferred to a successor P.C. that will provide chiropractic services at the Premises. Notwithstanding the foregoing, such successor P.C. or chiropractor shall be obligated to transfer a patient's record in accordance with the patient's request.~~

~~(c) — As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.~~

~~**4.10 — Credentialing.** The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.~~

~~**4.11 — Fees for Professional Services.** The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.~~

~~**4.12 — Standards of Care.** The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.~~

~~**4.13 — P.C. Expenses.** The following expenses of the P.C. that are related to the Clinic (“P.C. Expenses”) shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:~~

~~(d)(a) (a) — Salaries, wages, benefits, (including health, life, and disability insurance coverage and all~~

~~contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes, and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;~~

~~(e)(a) Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;~~

~~(b) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;~~

~~(c) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;~~

~~(d) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;~~

~~(e) Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and~~

~~(f) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.~~

The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Management Fee.

(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to [_____ Dollars (\$_____)]. The Management Fee will be adjusted annually by the parties. The Management Fee shall be paid in accordance with Section 4.4(d). In the event that in any month the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P.C. shall be obligated to pay such amount until fully paid in accordance with Section 4.4(d). The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals to the Clinic or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Clinic.

~~(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates).~~

~~(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.~~

~~6. Regulatory Matters.~~

~~(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.~~

~~(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.~~

~~7. Insurance.~~

~~**7.1 General Comprehensive Liability Insurance.** During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for third (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.~~

~~**7.2 Equipment Insurance.** The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.~~

~~**7.3 Malpractice Insurance.** During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of not less than [one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate], which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the~~

Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

~~8. **Indemnification by the P.C.** The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising from or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Company, which may become known to the P.C.~~

~~9. **Indemnification by the Company.** The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.~~

~~10. **Security Interest.** As security for Practice's obligations set forth in this Agreement, Shareholder, who is owner of 100% of P.C.'s shares of common stock, hereby pledges, and as inducement to Company to enter into this Agreement, grants a security interest in, assigns, transfers, and delivers to Company (or Company's qualifying designee) P.C.'s shares to Company as collateral security for the performance of P.C.'s obligations hereunder. In the event of a breach by or default of P.C. of this Agreement, or upon termination of this Agreement for any reason, and as further provided below, Shareholder shall cooperate as reasonably requested in the transfer of P.C.'s shares to a chiropractor independently determined to be competent designated by Company. In connection with this grant of a security interest, Shareholder represents and warrants that Shareholder owns the pledged shares free and clear of any material liens, claims, encumbrances, or security interests of any kind or nature whatsoever; that Shareholder is not precluded, by agreement or operation of law or otherwise, from making this pledge, and needs no further authority or authorization for this pledge; and that the pledge of the shares as collateral creates a valid first priority lien on and a first priority perfected security interest and lien in the collateral and proceeds thereof, securing the performance of P.C.'s obligations under this Agreement.~~

~~11. **Actions Requiring Company's Consent.** As inducement to Company to enter into this Agreement, P.C. agrees that it shall not take certain governance actions without Manager's consent. Therefore, notwithstanding anything in this Agreement to the contrary, P.C. agrees that the following actions by P.C. shall be void unless undertaken with the prior written consent of Manager:~~

~~(a) — The issuance, reclassification, recapitalization, redemption of capital stock of P.C. or of any security convertible into shares of capital stock of P.C., without prior consultation and written consent of Manager;~~

~~(b) — The payment of any dividends on the capital stock of P.C. or other distribution to the shareholders of P.C., without prior consultation and written consent of Manager;~~

~~(c) — Any consolidation, conversion, merger or stock/share exchange of P.C. without prior consultation and written consent of Manager;~~

~~(d) — Any sale, assignment, pledge, lease, exchange, transfer or other disposition (without prior consultation and written consent of Manager), excluding salaries, but including without limitation a mortgage or other security device, of assets, including P.C.'s accounts receivable, constituting in the aggregate five percent (5%) or more (in any transaction or series of transactions over any consecutive five (5) year period) of the total assets of P.C. at the end of its most recent fiscal year ending prior to such disposition; and~~

~~(e) The dissolution or liquidation of P.C.~~

~~12. **Non-Solicitation.**~~

~~(a) Intentionally Omitted.~~

~~(b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.~~

~~(c) In the event that any of the P.C.'s Providers shall violate any provision of this Section 12, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.~~

~~(d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to Section 4.4(d), as consideration for the non-solicitation provisions set forth in Section 12 (b) above.~~

~~13. **Proprietary Rights.** The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.~~

~~14. **Enforcement.**~~

~~(a) The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.~~

~~(e)(a) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Company's~~

~~management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C. and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Company.~~

~~(d)(a) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.~~

~~(b) The P.C. agrees that the restrictive covenants set forth in Sections 12 and 13 are reasonable in nature, duration and geographical scope. The P.C. further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court or arbitrator of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety. If a court or arbitrator of competent jurisdiction determines that any of the restrictive covenants set forth in Section 12 or 13 are unreasonable in nature, duration or geographic scope, then the P.C. agrees that such court or arbitrator shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. If any court or arbitrator finds that the P.C. and/or any Provider has breached the restrictive covenants set forth in Sections 12 or 13 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.~~

~~**15. Employment Agreements.** The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. Any liquidated damages paid to the P.C. by Providers pursuant to contracts between the P.C. and such Providers shall be assigned by the P.C. and paid over to the Company.~~

~~**16. Term and Termination.**~~

~~(a) The term of this Agreement shall be for [coterminous with franchise agreement] years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.~~

~~(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors;~~

~~(ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of thirty (14) days.~~

~~(c) The Company may terminate this Agreement immediately upon any of the following events:~~

~~(i) — The date of death of [Name of sole shareholder];~~

~~(ii) — The date [Name of sole shareholder] is determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services~~

~~(iii) — The date [Name of sole shareholder] becomes disqualified under the Bylaws of the P.C. or applicable law to be a shareholder of the P.C.;~~

~~(iv) — The date upon which any of the shares of stock in the P.C. held by [Name of sole shareholder] are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;~~

~~(v) — The date upon which [Name of sole shareholder] ceases to provide chiropractic services in connection with the P.C.; or~~

~~(vi) — The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.~~

~~(d) The Company may terminate this Agreement if the P.C. fails, within seven (7) days after receiving written notice from the Company, to remove from the Clinic any Provider who the Company determines has materially disrupted or interfered with the performance of the P.C.'s obligations hereunder. This provision shall not be construed as permitting the Company to control or impair the P.C.'s or the Providers' chiropractic judgment, professional performance or patient of care.~~

~~(e) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of termination for any reason of any of the following agreements: the Company's operating agreement and/or the employment agreement between the P.C. and _____ [Doctor's Name].~~

~~(f) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. forty five (45) days' prior written notice.~~

~~(g) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.~~

~~(h) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under paragraph 5 hereof as of the date of termination or expiration.~~

~~(i) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.~~

~~(j) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a~~

date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eight (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 16(j), then the restrictions contained in 12 and 13 of this Agreement shall be waived and shall be of no further effect.

~~17. Obligations After Termination.~~ Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

~~(a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;~~

~~(b)(a) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;~~

~~(c)(a) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and~~

~~(b) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to Section 17(b), (c), or (d), the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.~~

~~18. Return of Proprietary Property and Confidential Information.~~ All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

~~19. Status of Parties.~~ In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

~~20. **Force Majeure.** Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.~~

~~21. **Notices.** Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.~~

~~22. **Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.~~

~~23. **No Rights in Third Parties.** Except as provided in Section 13, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.~~

~~24. **Governing Law.** This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **[Insert State where franchisee and P.C. are located.]**~~

~~25. **Severability.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.~~

~~26. **Waiver.** The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.~~

~~27. **Rights Unaffected.** No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.~~

~~28. **Interpretation of Syntax.** All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.~~

~~29. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.~~

~~30. **Further Actions.** Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.~~

~~31. **Non-Assignment.** The P.C. may not assign this Agreement except with the prior written approval of the Company. The Company may assign this Agreement.~~

~~**32. Access of the Government to Records.** To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Act [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extend for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.~~

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

{P.C.} _____ **[JOINT FRANCHISEE/ “Company”]**

By: _____ **By:** _____
Its: President _____ **Its:** _____

EXHIBIT A
TO JOINT MANAGEMENT AGREEMENT
EQUIPMENT/FURNISHINGS

~~Insert "Supply List" for each Clinic~~

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

~~This Business Associate Addendum (the “Addendum”) to the Management Agreement (the “Agreement”) dated _____, by and between the P.C. and the Company (for purposes of this addendum, the “Business Associate”), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the “HITECH Act”), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as “HIPAA”).~~

~~I. **Definitions.** For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:~~

~~A. “Protected Health Information” shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. “Protected Health Information” does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.~~

~~B. “Required by Law” shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. “Required by Law” includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.~~

~~Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.~~

~~II. **Permitted Uses and Disclosures.** Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:~~

- ~~A. Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.~~
- ~~B. Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(b), Business Associate shall (i) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.~~
- ~~C. Business Associate may use or disclose protected Information as Required by Law.~~
- ~~D. Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.~~

~~III. Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.~~

~~6.1 Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.~~

~~IV. Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.~~

~~V. Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).~~

~~VI. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.~~

~~VII. Access to protected health information by the P.C.~~

- ~~A. Within (10) days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§ 164.524.~~
- ~~B. Within ten (10) days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P.C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R. § 164.528.~~
- ~~C. Within ten (10) days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. § 164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.~~

~~VIII. Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.~~

~~7.10. Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall:~~ (a) if feasible, return or destroy all Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.

~~8.11. Obligations of P.C.~~

- ~~(a) Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.~~
- ~~(b) P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.~~
- ~~(c) P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.~~
- ~~(a) Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.~~
- ~~A. P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.~~
- ~~B. P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.~~

~~IX. Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.~~

~~X. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.~~

~~XI. Conflicting Terms. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.~~

MANAGEMENT AGREEMENT

(North Carolina)

~~THIS MANAGEMENT AGREEMENT~~ (“Agreement”) is made effective as of _____ by and between _____, a [State] [corporation/limited liability company], having its principal place of business at _____ (“the Company”), and _____, a _____ [State] professional service corporation, having its principal place of business at _____ (the “P.C.”) [**This defined term may be adapted to correspond to the applicable business form (i.e., P.L.L.C.).**].

~~WHEREAS~~, the P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.;

~~WHEREAS~~, the P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the “Clinic”) at _____ (the “Premises”) and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; and

~~WHEREAS~~, the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

~~NOW, THEREFORE~~, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

~~1. Representations and Warranties.~~

~~1.1 Representations and Warranties of the Company.~~ The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.

~~1.2 Representations and Warranties of the P.C.~~ The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.

(b) Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by Section 4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively “Laws”).

~~2. Furnishings and Equipment, Use of Premises, Trade Name~~

~~2.1 Title and Maintenance.~~ During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers (as defined in Section 4.2, below) to use, the Equipment and Furnishings in connection with the Clinic in a manner that the P.C. determines is in the best interest of its patients. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would

adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with Section 3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.

2.2 Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Use of Premises. The Company will provide as a license to use space, the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. ~~This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant.~~ The P.C. shall have no rights as a lessee or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.

2.4 Return of Equipment and Furnishings. Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.5 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.

2.6 Reporting. The P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings. The P.C. may refer the patient for consultation or treatment elsewhere, if the P.C. deems such to be in the best interest of its patient(s). The P.C. hereby approves the use of the Equipment identified in Exhibit A hereto.

2.7 Use of Trade Name. The Company shall provide P.C. with a revocable license to use the name "The Joint®", "The Joint Chiropractic®", or "The Joint...the chiropractic place®" for the Clinic (the "Name"), and the Name shall be used by the P.C. in conformity with all applicable Laws.

3. General Responsibilities of the Company. Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day to day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, in all respects subject to applicable Laws.

3.1 Maintenance, Repair and Servicing of Furnishings and Equipment. During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.

3.2 Administrative and Management Services

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. ("the Management Services"), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the

~~Company, except with the prior written consent of the Company. Subject to P.C.'s oversight and ultimate authority over all issues, Company is expressly authorized to take such actions that Company, in the exercise of reasonable discretion, deems necessary and/or appropriate to fulfill its obligations under this Agreement and meet the day-to-day requirements of P.C., including the responsibility and commensurate authority to provide full service management services for P.C. as set forth in this Agreement, including supplies, support services, third party contracting, quality assurance, educational activities, risk management, billing and collection services, management, administration, financial record keeping and reporting, and other business services as provided in this Agreement. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms' length agreements on terms reasonably available from reasonably efficient competing vendors. Nothing herein shall be construed to interfere with P.C.'s or its licensed providers' professional judgment or actions with respect to the diagnosis and treatment of any of their patients.~~

~~(b) — The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:~~

~~(i) — business planning;~~

~~(ii) — financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in Section 4.4(d) hereof);~~

~~(iii) — bookkeeping, accounting, and data processing services;~~

~~(iv) — maintenance of patient records owned and maintained by the P.C. in accordance with procedures established by the P.C. pursuant to Section 1.2(c) above;~~

~~(v) — materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.'s approval of the selection of chiropractic equipment for the Clinic;~~

~~(vi) — administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;~~

~~(vii) — coordinate human resources management, including primary direction of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);~~

~~(viii) — billing to and collection from all payors, accounts receivable and accounts payable processing, all in accordance with the P.C.'s decisions made in consultation with the Company;~~

~~(ix) — administering utilization, cost and quality management systems that are established in accordance with Section 4.3;~~

~~(xxiii)(i) — subject to the P.C.'s approval of all materials that become public, developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;~~

~~(x) — arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;~~

~~(xi) — providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities of the Clinic, in accordance with applicable laws;~~

~~(xii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;~~

~~(xxiv)(i) performing credentialing support services such as application processing and information verification;~~

~~(xiii) developing and providing OSHA compliance programs and consulting;~~

~~(xiv) developing and providing P.C. with consulting services regarding pricing and membership plan strategies for the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and~~

~~(xv) to the extent not included in any of the services listed in Section 3.2(b)(i) —~~
(xv) providing:

~~(a) relationship development with Chiropractic schools;~~

~~(b) personnel training and orientation in non-Chiropractic areas;~~

~~(c) monitoring of industry developments and strategic planning;~~

~~(d) payroll processing;~~

~~(e) public relations;~~

~~(f) facilities management;~~

~~(g) coordination and negotiation of clinic financing efforts;~~

~~(h) clinic remodels;~~

~~(i) continuing education programs;~~

~~(j) client scheduling design software;~~

~~(k) coordinate client service and complaint handling, provided that any clinical complaints shall be directed to the P.C. or its providers;~~

~~(l) clinic management analysis;~~

~~(m) internal publications development and distribution;~~

~~(n) conference and travel coordination; and~~

~~(o) administration of committees.~~

~~(c) The Company shall not provide any of the following services to the Clinic:~~

~~(iv)(i) the assignment of Providers to treat patients;~~

~~(i) assumption of responsibility for the care of patients;~~

(ii) ~~—serving as the party to whom bills and charges are made payable;~~

(iii) ~~—any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in _____ (State).~~

~~**3.3 Administrative Staff.** Subject to P.C.'s oversight and ultimate authority (including ratification of all non-chiropractic personnel who indirectly are involved in patient care), Company may recommend for employment and termination the employment of all Non-Chiropractic Personnel as Company will deem necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Chiropractic Personnel, with the exception of activities, if any, carried on by Non-Chiropractic Personnel which must be under the direction or supervision of licensed chiropractors in accordance with applicable law and regulations. Unless otherwise specifically agreed in writing, Company shall administer compensation, benefits, and scheduling of all Non-Chiropractic Personnel providing any services for or on behalf of P.C., and such personnel will be employees or independent contractors employed or engaged by Company.~~

~~**3.4 Patient Records.** The Company shall use its reasonable efforts to preserve the confidentiality of patient records and use information contained in such records only to the extent permitted by applicable Laws.~~

~~**3.5 Performance Standards.** All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.~~

~~4. Responsibilities of the P.C.~~

~~**4.1 Professional Services.** During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers. Company will provide assistance to P.C. in recruiting and evaluating prospective chiropractors and support personnel as employees or independent contractors of P.C. P.C. will make all decisions relating to hiring, training, managing, and termination of Chiropractic Personnel. At the request of P.C., Company will administer compensation, benefits, and scheduling of Chiropractic Personnel on behalf of the P.C. as directed by P.C., which shall exclusively oversee and direct all clinical and patient care activities. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.~~

~~**4.2 Time Commitment.** The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.~~

~~**4.3 Quality of Service.** The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate. The P.C. shall ensure that no Provider materially disrupts or interferes with the performance of the P.C.'s obligations hereunder at the Clinic.~~

~~4.4 Billing and Collection~~

~~(a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s decisions made in consultation with the Company regarding billing procedures for professional services provided by the P.C. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Company and the P.C. (the "Account Bank"). The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.~~

~~(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement. The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power and authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in Section 4.13 below). The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.~~

~~(c) With respect to funds deposited in the Concentration Account (the "P.C.'s~~

revenues”), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the “Operating Account”). The Company shall hold the P.C.’s Revenues in the Operating Account as the P.C.’s agent, and shall administer such Revenues on the P.C.’s behalf. The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.’s Revenues.

(d) — On at least a monthly basis, the Company shall pay, from the P.C.’s Revenue in the Operating Account, all of the current month’s P.C. Expenses, as defined in Section 4.13 hereof and the current month’s Management Fee as defined in Section 5 hereof (collectively, the “P.C.’s Monthly Obligations”). In the event that the P.C.’s Revenue (including the current month’s interest earned on the P.C.’s Revenue) is insufficient to pay fully the P.C.’s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the “Deficit Advance”) by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. In the event that there is a monthly profit that exceeds the P.C.’s Monthly Obligations (the “Monthly Profits”), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.

4.5 Licensure. The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.

4.6 Continuing Education. The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

4.7 Disciplinary Actions. The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.8 Outside Activities. The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.’s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The P.C. shall assure that each of its Providers shall not provide chiropractic services other than on behalf of the P.C., unless such activity is disclosed in writing to and is expressly authorized in writing by the Company.

4.9 Patient Records.

(a) — The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.

(b) — The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company’s administrative responsibilities hereunder. The

P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at P.C.'s discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or a licensed chiropractor identified by the Company who will provide chiropractic services at the Premises, or ensure that such records are transferred to a successor P.C. that will provide chiropractic services at the Premises. Notwithstanding the foregoing, such successor P.C. or chiropractor shall be obligated to transfer a patient's record in accordance with the patient's request.

(c) — As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.

~~31.5.1.1. 4.10~~ **Credentialing**. ~~The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.~~

4.11 — Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.

4.12 — Standards of Care. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.

4.13 — P.C. Expenses. The following expenses of the P.C. that are related to the Clinic (“P.C. Expenses”) shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:

(a) — Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;

(b) — Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;

(c) — Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;

(d) — Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(e) — State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

(f) — Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and

(g) — Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.

The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

~~5. Management Fee.~~

~~(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to [_____ Dollars (\$ _____)]. The Management Fee will be adjusted annually by the parties. The Management Fee shall be paid in accordance with Section 4.4(d). In the event that in any month the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P.C. shall be obligated to pay such amount until fully paid in accordance with Section 4.4(d). The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals to the Clinic or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Clinic.~~

~~(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services.~~

~~(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.~~

~~6. Regulatory Matters.~~

~~(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.~~

~~(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.~~

~~7. Insurance.~~

~~**7.1 General Comprehensive Liability Insurance.** During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. These~~

insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for third (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

~~**7.2 Equipment Insurance.** The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.~~

~~**7.3 Malpractice Insurance.** During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of not less than [one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate], which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.~~

~~**8. Indemnification by the P.C.** The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising from or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Company, which may become known to the P.C.~~

~~**9. Indemnification by the Company.** The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.~~

~~**10. Security Interest.** As security for Practice's obligations set forth in this Agreement, Shareholder, who is owner of 100% of P.C.'s shares of common stock, hereby pledges, and as inducement to Company to enter into this Agreement, grants a security interest in, assigns, transfers, and delivers to Company (or Company's qualifying designee) P.C.'s shares to Company as collateral security for the performance of P.C.'s obligations hereunder. In the event of a breach by or default of P.C. of this Agreement, or upon termination of this Agreement for any reason, and as further provided below, Shareholder shall cooperate as reasonably requested in the transfer of P.C.'s shares to a chiropractor independently determined to be competent designated by Company. In connection with this grant of a security interest, Shareholder represents and warrants that Shareholder owns the pledged shares free and clear of any material liens, claims, encumbrances, or security interests of any kind or nature whatsoever; that Shareholder is not precluded, by agreement or operation of law or otherwise, from making this pledge, and needs no further authority or authorization for this pledge; and that the pledge of the shares as collateral creates a valid first priority lien on and~~

a first priority perfected security interest and lien in the collateral and proceeds thereof, securing the performance of P.C.'s obligations under this Agreement.

~~**11. Actions Requiring Company's Consent.** As inducement to Company to enter into this Agreement, P.C. agrees that it shall not take certain governance actions without Manager's consent. Therefore, notwithstanding anything in this Agreement to the contrary, P.C. agrees that the following actions by P.C. shall be void unless undertaken with the prior written consent of Manager:~~

~~(a) — The issuance, reclassification, recapitalization, redemption of capital stock of P.C. or of any security convertible into shares of capital stock of P.C., without prior consultation and written consent of Manager;~~

~~(b) — The payment of any dividends on the capital stock of P.C. or other distribution to the shareholders of P.C., without prior consultation and written consent of Manager;~~

~~(c) — Any consolidation, conversion, merger or stock/share exchange of P.C. without prior consultation and written consent of Manager;~~

~~(d) — Any sale, assignment, pledge, lease, exchange, transfer or other disposition (without prior consultation and written consent of Manager), excluding salaries, but including without limitation a mortgage or other security device, of assets, including P.C.'s accounts receivable, constituting in the aggregate five percent (5%) or more (in any transaction or series of transactions over any consecutive five (5) year period) of the total assets of P.C. at the end of its most recent fiscal year ending prior to such disposition; and~~

~~(e) — The dissolution or liquidation of P.C.~~

~~**12. Non-Solicitation.**~~

~~(a) Intentionally Omitted.~~

~~(b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.~~

~~(c) In the event that any of the P.C.'s Providers shall violate any provision of this Section 10, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.~~

~~(d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to Section 4.4(d), as consideration for the non-solicitation provision set forth in Section 12 (b) above.~~

~~**13. Proprietary Rights.** The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.~~

14.—Enforcement.

~~(a) The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.~~

~~(b) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C. and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Company.~~

~~(c) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.~~

~~(d) The P.C. agrees that the restrictive covenants set forth in Sections 12 and 13 are reasonable in nature, duration and geographical scope. The P.C. further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court or arbitrator of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety. If a court or arbitrator of competent jurisdiction determines that any of the restrictive covenants set forth in Section 12 or 13 are unreasonable in nature, duration or geographic scope, then the P.C. agrees that such court or arbitrator shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. If any court or arbitrator finds that the P.C. and/or any Provider has breached the restrictive covenants set forth in Sections 12 or 13 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.~~

~~15. **Employment Agreements.** The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement.~~

~~16. **Term and Termination.**~~

~~(a) The term of this Agreement shall be for **[coterminous with franchise agreement]** years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.~~

~~(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of fourteen (14) days.~~

~~(c) The Company may terminate this Agreement immediately upon any of the following events:~~

~~(i) — The date of death of **[Name of sole shareholder]**;~~

~~(ii) — The date **[Name of sole shareholder]** is determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services~~

~~(iii) — The date **[Name of sole shareholder]** becomes disqualified under the bylaws of the P.C. or applicable law to be a shareholder of the P.C.;~~

~~(iv) — The date upon which any of the shares of stock in the P.C. held by **[Name of sole shareholder]** are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;~~

~~(v) — The date upon which **[Name of sole shareholder]** ceases to provide chiropractic services in connection with the P.C.; or~~

~~(vi) ~~(i)~~ (vi) — The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.~~

~~(d) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of termination for any reason of any of the following agreements: the Company's operating agreement and/or the employment agreement between the P.C. and _____ **[Doctor's Name]**.~~

~~(e) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. forty five (45) days' prior written notice.~~

~~(f) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.~~

~~(g) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under paragraph 5 hereof as of the date of termination or expiration.~~

~~(h) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.~~

~~(i) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eight (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 16(i), then the restrictions contained in 10 and 11 of this Agreement shall be waived and shall be of no further effect.~~

~~**17. Obligations After Termination.** Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:~~

~~(d)(a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;~~

~~(a) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;~~

~~(b) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and~~

~~(c) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to Section 17(b), (c), or (d), the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.~~

~~**18. Return of Proprietary Property and Confidential Information.** All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at~~

the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

~~19. **Status of Parties.** In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.~~

~~20. **Force Majeure.** Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.~~

~~21. **Notices.** Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.~~

~~22. **Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.~~

~~23. **No Rights in Third Parties.** Except as provided in Section 13, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.~~

~~24. **Governing Law.** This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **[Insert State where franchisee and P.C. are located.]**~~

~~25. **Severability.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.~~

~~26. **Waiver.** The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.~~

~~27. **Rights Unaffected.** No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.~~

~~28. **Interpretation of Syntax.** All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.~~

~~29. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.~~

~~30. **Further Actions.** Each of the parties agrees that it shall hereafter execute and deliver such further~~

~~instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.~~

~~**31. Non-Assignment.** The P.C. may not assign this Agreement except with the prior written approval of the Company. The Company may assign this Agreement.~~

~~**32. Access of the Government to Records.** To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Act [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extend for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.~~

~~IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.~~

~~{P.C.} _____ {JOINT FRANCHISEE/ "Company"}~~

~~By: _____ By: _____
Its: President _____ Its: _____~~

~~EXHIBIT A~~
~~TO JOINT MANAGEMENT AGREEMENT~~
~~EQUIPMENT/FURNISHINGS~~
~~Insert "Supply List" for each Clinic~~

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

~~This Business Associate Addendum (the “Addendum”) to the Management Agreement (the “Agreement”) dated _____, by and between the P.C. and the Company (for purposes of this addendum, the “Business Associate”), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the “HITECH Act”), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as “HIPAA”).~~

~~I. **Definitions.** For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:~~

~~A. “Protected Health Information” shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. “Protected Health Information” does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.~~

~~B. “Required by Law” shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. “Required by Law” includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.~~

~~Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.~~

~~II. **Permitted Uses and Disclosures.** Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:~~

- ~~A. Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.~~
- ~~B. Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(b), Business Associate shall (i) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.~~
- ~~C. Business Associate may use or disclose protected Information as Required by Law.~~
- ~~D. Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.~~

~~III. Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.~~

~~IV. Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.~~

~~V. Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.~~

~~9.1. Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).~~

~~VI. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.~~

~~VII. Access to protected health information by the P.C.~~

- ~~A. Within (10) days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§ 164.524.~~
- ~~B. Within ten (10) days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P.C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R. § 164.528.~~
- ~~C. Within ten (10) days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. § 164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.~~

~~10.1. Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.~~

~~VIII. Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.~~

~~IX. Obligations of P.C.~~

- ~~A. Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.~~
- ~~B. P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.~~
- ~~C. P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.~~

~~11.12. Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.~~

Indemnification.

~~X. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating~~

~~to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.~~

~~XI. Conflicting Terms. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.~~

MANAGEMENT AGREEMENT

(Kansas)

~~THIS MANAGEMENT AGREEMENT~~ (“Agreement”) is made effective as of _____, 20__ by and between _____, a Kansas [corporation/limited liability company], having its principal place of business at _____ (“the Manager”), and _____, a Kansas professional service corporation, having its principal place of business at _____ (the “P.C.”) [**This defined term may be adapted to correspond to the applicable business form (i.e., P.L.L.C.)**] (individually, a “Party,” and collectively, “Parties”).

~~WHEREAS~~, the P.C. has been incorporated under the laws of the State of Kansas to render chiropractic services to patients of the P.C.; and

~~WHEREAS~~, the Manager is in the business of providing administrative, consulting, and other support services to chiropractic practices; and

~~WHEREAS~~, the P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the “Clinic”) at _____ (the “Premises”) and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Manager; and

~~WHEREAS~~, the Manager is ready, willing, and able to provide, to the extent permitted by applicable law, furnishings, equipment, office space and management services to the P.C. in connection with the Clinic; and

~~WHEREAS~~, the Manager and P.C. intend for this Agreement to comply with the Kansas Healing Arts Act in all respects.

~~NOW, THEREFORE~~, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

~~1.1 Representations and Warranties of the Manager.~~ The Manager represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Kansas.

~~1.2 Representations and Warranties of the P.C.~~ The P.C. hereby represents and warrants to the Manager that at all times during the term of this Agreement:

(a) ~~The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of Kansas and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of Kansas.~~

(b) ~~Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.~~

2. Furnishings and Equipment, Use of Premises, Trade Name

~~2.1 Title and Maintenance.~~ During the term of this Agreement, the Manager grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers (as

defined in Section 4.2, below) to use, the Equipment and Furnishings only in connection with the Clinic. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Manager at all times. The P.C. agrees to take no action that would adversely affect the Manager's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Manager on behalf of the P.C., in accordance with Section 3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Manager or its designee at any reasonable time.

2.2 Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Manager.

2.3 Use of Premises, Furnishings, and Equipment. The Manager shall lease or sublease office space, Equipment, and Furnishings to P.C. pursuant to a separate real estate and equipment sublease agreement in the form attached as Exhibit B, which, upon execution by both Parties, shall be considered incorporated by reference in this Agreement.

2.4 Return of Equipment and Furnishings. Upon the termination or expiration, as applicable of this Agreement, the Manager shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Manager).

2.5 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the Premises, Furnishings, and Equipment to any third party, without the prior written consent of the Manager.

2.6 Reporting. The P.C. shall advise the Manager with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Manager of any defective Equipment or Furnishings.

2.7 Use of Trade Name. The Manager shall provide P.C. with a revocable license to use the name "The Joint®", "The Joint Chiropractic®, or "The Joint...the chiropractic place®" for the Clinic (the "Name") and the Name shall be used by the P.C. in conformity with all applicable Laws. Nothing herein shall be interpreted as prohibiting P.C. from marketing, advertising, or otherwise holding itself and its Providers out to the public as affiliated with [insert name of P.C.]

3. General Responsibilities of the Manager. Except as otherwise provided in this Agreement, the Manager shall have responsibility for general management and administration of the day to day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, in all respects subject to applicable Laws. Notwithstanding any other provision in this Agreement to the contrary, the P.C. and the Manager hereby covenant and agree that the relationship between the P.C. and the Manager is not intended to, shall not, and does not, affect or limit in any way the exercise of the independent professional judgment of any professionals employed or engaged by the P.C. regarding the diagnosis or treatment of any disease, disorder, or physician condition.

3.1 Maintenance, Repair and Servicing of Furnishings and Equipment. During the term of this Agreement, the P.C. engages the Manager and the Manager agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and Furnishings to be maintained in good working condition, reasonable wear and tear excepted.

1.2 Administrative and Management Services

~~(a) — The Manager shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. (“the Management Services”), as described below. The Manager shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Manager, except with the prior written consent of the Manager. Subject to P.C.’s oversight and ultimate authority over all issues, Manager is expressly authorized to take such actions that Manager, in the exercise of reasonable discretion, deems necessary and/or appropriate to fulfill its obligations under this Agreement and meet the day-to-day requirements of P.C., including the responsibility and commensurate authority to provide full service management services for P.C. as set forth in this Agreement, including supplies, support services, third party contracting, quality assurance, educational activities, risk management, billing and collection services, management, administration, financial record keeping and reporting, and other business services as provided in this Agreement. The Manager is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms’ length agreements on terms reasonably available from reasonably efficient competing vendors.~~

~~(b) — The Management Services to be provided by the Manager for the Clinic shall include, but not be limited to, the following:~~

~~(i) — business planning;~~

~~(ii) — financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.’s Monthly Obligations (as defined in Section 4.4(d) hereof);~~

~~(iii) — bookkeeping, accounting, and data processing services;~~

~~(iv) — materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.’s approval of the selection of chiropractic equipment for the Clinic;~~

~~(v) — administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;~~

~~(vi) — human resources management, including primary direction and control of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);~~

~~(vii) — billing to and collection from all payors, accounts receivable and accounts payable processing, all in accordance with the P.C.’s decisions made in consultation with the Company;~~

~~(viii) — administering utilization, cost and quality management systems that are established in accordance with Section 4.3;~~

~~(ix) — developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;~~

~~(x) — arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;~~

~~(xi) — providing administrative services in connection with the P.C.’s advertising, marketing and promotional activities of the Clinic, in accordance with applicable laws;~~

~~(xii) — arranging for necessary legal services except with respect to any legal dispute~~

between the P.C. and the Manager;

~~(xiii) performing credentialing support services such as application processing and information verification;~~

~~(xiv) developing and providing OSHA compliance programs and consulting;~~

~~(xv) developing and providing P.C. with consulting services regarding pricing and membership plan strategies to be followed by the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and~~

~~(xvi) to the extent not included in any of the services listed in Section 3.2(b)(i) — (xv) providing and/or facilitating:~~

~~(a) relationship development with Chiropractic schools;~~

~~(b) personnel training and orientation in non-Chiropractic areas;~~

~~(c) monitoring of industry developments and strategic planning;~~

~~(d) payroll processing;~~

~~(e) public relations;~~

~~(f) facilities management;~~

~~(g) coordination and negotiation of clinic financing efforts;~~

~~(h) clinic remodels;~~

~~(i) continuing education programs;~~

~~(j) client scheduling protocol design;~~

~~(k) client service and complaint handling;~~

~~(l) clinic management analysis;~~

~~(m) internal publications development and distribution;~~

~~(n) conference and travel coordination; and~~

~~(o) administration of committees.~~

~~(c) The Manager shall not provide any of the following services to the Clinic:~~

~~(i) the assignment of Providers to treat patients;~~

~~(ii) assumption of responsibility for the care of patients;~~

~~(iii) serving as the party to whom bills and charges are made payable;~~

~~(iv) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and~~

regulations in Kansas.

~~**3.3 Administrative Staff.** Subject to P.C.'s oversight and ultimate authority (including ratification of all non-chiropractic personnel who indirectly are involved in patient care), Manager may recommend for employment and termination the employment of all Non-Chiropractic Personnel as Manager will deem necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Chiropractic Personnel, with the exception of activities, if any, carried on by Non-Chiropractic Personnel which must be under the direction or supervision of licensed chiropractors in accordance with applicable law and regulations. Unless otherwise specifically agreed in writing, Manager shall administer compensation, benefits, and scheduling of all Non-Chiropractic Personnel providing any services for or on behalf of P.C., and such personnel will be employees or independent contractors employed or engaged by Manager.~~

~~**3.4 Patient Records.** The Manager shall use its reasonable efforts to preserve the confidentiality of patient records and use information contained in such records only to the extent permitted by applicable Laws.~~

~~**3.5 Performance Standards.** All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.~~

~~**3.6 Reservation of Rights to P.C.** No provision of this Agreement shall be construed to give the Manager the right or authority to control the following functions of P.C. and/or Clinic: (1) the provision of chiropractic services to patients; (2) the decision to accept individual patients for treatment; (3) the direction or delegation of professional services; (4) the ownership of patient records; and (5) the supervision of clinical staff. The Manager hereby affirms that P.C. and/or Clinic possesses complete and the sole right with respect to each of the foregoing functions.~~

~~**4. Responsibilities of the P.C.**~~

~~**4.1 Professional Services.** During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers. Company will provide assistance to P.C. in recruiting and evaluating prospective chiropractors and support personnel as employees or independent contractors of P.C. P.C. will make all decisions relating to hiring, training, managing, and termination of Chiropractic Personnel. At the request of P.C., Company will administer compensation, benefits, and scheduling of Chiropractic Personnel on behalf of the P.C. as directed by P.C., which shall exclusively oversee and direct all clinical and patient care activities. In addition, the P.C. shall be solely responsible for determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.~~

~~**4.2 Time Commitment.** The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall provide such services during normal business hours, as established in consultation with the Manager. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work. Notwithstanding the foregoing, no provision in this Section 4.2 is intended to suggest that the Manager has been given the right to direct or control P.C.'s determinations regarding patient volume, professional staffing, hours of work required of any particular Provider, scheduling or other matters related to patient treatment or a Provider's professional judgment.~~

~~**4.3 Quality Assurance and Utilization Management.** The Manager shall, as an Expense, assist the P.C. in the establishment and implementation of procedures and programs to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic including utilization management, quality assurance, risk management, patient care assessment, continuous quality~~

improvement, accreditation or other similar program or study to review the performance Clinic and its Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate. Nothing herein is intended to or shall be interpreted as controlling, attempting to control, influencing, attempting to influence, or otherwise interfering with the exercise of the Clinic or a Provider's independent professional judgment regarding the provision of chiropractic services.

4.4 Billing and Collection

(a) ~~— The Manager shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s decisions made in consultation with the Manager regarding billing procedures for professional services provided by the P.C. Although the Manager shall supply information and advice to P.C. regarding fees generally charged within P.C.'s service area, P.C. as the provider of chiropractic services shall determine all fees charged for the provision of chiropractic services. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Manager and the P.C. (the "Account Bank"). The Manager shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Manager.~~

(b) ~~The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Manager all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement. The Manager is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power and authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in Section 4.13 below). The P.C. shall notify the banking institution of the Concentration Account, and shall cause one or more employees or agents designated by the Manager to be listed as a signatory on that account.~~

(c) ~~— With respect to funds deposited in the Concentration Account (the "P.C.'s revenues"), the Manager shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Manager (the "Operating Account"). The Manager shall hold the P.C.'s Revenues in the Operating Account as the P.C.'s agent, and shall administer such Revenues on the P.C.'s behalf. The Manager shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.'s Revenues.~~

(d) ~~— On at least a monthly basis, the Manager shall pay, from the P.C.'s Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in Section 4.13 hereof and the current month's Management Fee as defined in Section 5 hereof (collectively, the "P.C.'s Monthly Obligations"). In the event that the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Manager may advance to the P.C. an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. In the event that there is a monthly profit that exceeds the P.C.'s Monthly Obligations (the "Monthly Profits"), then the Manager shall use such amount to repay any prior Deficit Advances made by the Manager (if any) together with interest accrued thereof.~~

4.5 Licensure. The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of Kansas and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider

provides professional services.

~~**4.6 Continuing Education.** The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Manager.~~

~~**4.7 Disciplinary Actions.** The P.C. shall, and shall cause each of its Providers to, disclose to the Manager during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.~~

~~**4.8 Patient Records.**~~

~~(a) The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.~~

~~(b) The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Manager access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Manager's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement and any real estate and equipment sublease agreement between the Parties), the P.C.'s Providers will exercise their professional judgment with respect to patient record retention, transfer, or other appropriate disposition, and as permitted by applicable laws, the P.C. will make available complete copies of patient records to a successor P.C. or chiropractor as needed in the best interests of the P.C.'s patients for purposes of the continuity of patient care. Notwithstanding the foregoing, P.C. shall at all times maintain ownership of all patient records and retain such records in accordance with applicable law.~~

~~(c) As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit C of this Agreement.~~

~~**4.9 Credentialing.** The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Manager.~~

~~**4.10 Fees for Professional Services.** The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.~~

~~**4.11 Standards of Care.** The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.~~

~~**4.12 P.C. Expenses.** The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Manager, on behalf of the P.C. and at the direction of the P.C.:~~

~~(a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;~~

~~(b) Cost of all new chiropractic and non-chiropractic equipment and supplies obtained~~

for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;

~~(f)(a) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;~~

~~(g)(a) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;~~

(c) — State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

(d) — Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and

(e) — Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.

The P.C. shall promptly notify the Manager of all P.C. Expenses incurred, and shall provide the Manager with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Management Fee.

(a) In consideration of the Manager (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Manager a monthly Management Fee that shall be equal to [_____ Dollars (\$_____)]. The Management Fee will be adjusted annually by the parties. The Management Fee shall be paid in accordance with Section 4.4(d). In the event that in any month the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P.C. shall be obligated to pay such amount until fully paid in accordance with Section 4.4(d). The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals to the Clinic or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Clinic.

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services.

(c) The Management Fee paid by the P.C. to the Manager hereunder has been determined by the parties through good faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Manager (or its affiliates) or by the Manager (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Manager (or its affiliates) or by the Manager (or its affiliates) to the P.C.

~~6. Regulatory Matters.~~

~~(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Manager to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Manager by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Manager shall be deemed waived by the P.C.~~

~~(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance Manager insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.~~

~~7. Insurance.~~

~~**7.1 General Comprehensive Liability Insurance.** During the term of this agreement, the Manager shall make recommendations and obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Manager may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. The Parties acknowledge that in the event of a claim, incident, or other liability stemming from an incident on the Premises, the P.C., its Providers, the Manager, and The Joint Corp. may all be named as defendants in any ensuing litigation. To address this risk and if requested by the Manager, these insurance policies must include an endorsement naming The Joint Corp., the Manager, and any of their respective affiliates that the Manager or The Joint Corp. designates as additional named insureds thereunder, and provide for thirty (30) days' prior written notice to the P.C. from the insurer as to any material modification, cancellation or expiration. P.C. shall provide written notice to the Manager promptly upon receipt of notice given to P.C. of such material modification, cancellation or expiration.~~

~~**7.2 Equipment Insurance.** The Manager shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Manager shall reasonably determine.~~

~~**7.3 Malpractice Insurance.** During the term of this Agreement, the Manager shall make recommendations and arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of not less than one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate, which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the Manager shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Manager any information with respect to the P.C. or the Providers necessary for the Manager to secure such professional liability insurance. The Parties acknowledge that in the event of a claim, incident, or other liability stemming from treatment provided by the P.C. and its Providers, the P.C., its Providers, the Manager, and The Joint Corp. may all be named as defendants in any ensuing litigation. To address this risk and if requested by the Manager, these insurance policies must name The Joint Corp., the Manager, and any of their respective affiliates that the Manager or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the P.C. from the insurer as to any material modification, cancellation or expiration.~~

~~**8. Indemnification by the P.C.** The P.C. hereby agrees to indemnify, defend, and hold harmless the Manager, and each of the Manager's officers, directors, shareholders, agents and employees, from and against any~~

and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising from or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Manager of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Manager, which may become known to the P.C.

9. Indemnification by the Manager. The Manager hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Manager of this Agreement or any willful or grossly negligent act or omission by the Manager in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The Manager shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Manager, P.C. or any Provider that may become known to the Manager.

10. Security Interest. As security for Practice's obligations set forth in this Agreement, Shareholder, who is owner of 100% of P.C.'s shares of common stock, hereby pledges, and as inducement to Manager to enter into this Agreement, grants a security interest in, assigns, transfers, and delivers to Manager (or Manager's qualifying designee) P.C.'s shares to Manager as collateral security for the performance of P.C.'s obligations hereunder. In the event of a breach by or default of P.C. of this Agreement, or upon termination of this Agreement for any reason, and as further provided below, Shareholder shall cooperate as reasonably requested in the transfer of P.C.'s shares to a chiropractor independently determined to be competent designated by Manager. In connection with this grant of a security interest, Shareholder represents and warrants that Shareholder owns the pledged shares free and clear of any material liens, claims, encumbrances, or security interests of any kind or nature whatsoever; that Shareholder is not precluded, by agreement or operation of law or otherwise, from making this pledge, and needs no further authority or authorization for this pledge; and that the pledge of the shares as collateral creates a valid first priority lien on and a first priority perfected security interest and lien in the collateral and proceeds thereof, securing the performance of P.C.'s obligations under this Agreement.

11. Actions Requiring Manager's Consent. As inducement to Manager to enter into this Agreement, P.C. agrees that it shall not take certain governance actions without Manager's consent. Therefore, notwithstanding anything in this Agreement to the contrary, P.C. agrees that the following actions by P.C. shall be void unless undertaken with the prior written consent of Manager:

(a) — The issuance, reclassification, recapitalization, redemption of capital stock of P.C. or of any security convertible into shares of capital stock of P.C., without prior consultation and written consent of Manager;

(b) — The payment of any dividends on the capital stock of P.C. or other distribution to the shareholders of P.C., without prior consultation and written consent of Manager;

~~(c)(a) Any consolidation, conversion, merger or stock/share exchange of P.C. without prior consultation and written consent of Manager;~~

(c) — Any sale, assignment, pledge, lease, exchange, transfer or other disposition (without prior consultation and written consent of Manager), excluding salaries, but including without limitation a mortgage or other security device, of assets, including P.C.'s accounts receivable, constituting in the aggregate five percent (5%) or more (in any transaction or series of transactions over any consecutive five (5) year period) of the total assets of P.C. at the end of its most recent fiscal year ending prior to such disposition; and

(d) — The dissolution or liquidation of P.C.

~~12. Intentionally Omitted.~~

~~13. Proprietary Rights; Confidential Information. The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Manager (or its affiliates) in rendering services hereunder, or relating to the operations of the Manager (or its affiliates), belong to and shall remain the property of the Manager, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Manager's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Manager (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Manager or its respective affiliates. Confidential Information may be disclosed pursuant to a bona fide subpoena if the P.C. has given the Manager prompt written notice of receipt of the subpoena so that the Manager can object or otherwise intervene as it deems appropriate.~~

~~14. Enforcement.~~

~~(a) All works, discoveries and developments, whether or not copyrightable, relating to the Manager's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Manager's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Manager or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Manager's management of the P.C. which relate to the Manager's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C. and/or any Provider during the term of this Agreement shall be the property of the Manager, free of any reserved or other rights of any kind on P.C. and/or any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Manager.~~

~~(b) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Manager. Further, P.C. and/or its Providers shall, at the Manager's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Manager to be necessary or desirable at any time or times in order to effect the full assignment to the Manager of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Manager's rights, P.C. and/or its Providers will also assign to the Manager any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Manager's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Manager for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Manager under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Manager in or to any Inventions, Concepts and Ideas or modifications which the Manager has or may have by virtue of the Manager's management activities hereunder or the P.C.'s engagement of its Providers.~~

~~15. Term and Termination.~~

~~(a) The term of this Agreement shall be for [~~coterminous with franchise agreement~~] years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.~~

~~(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors;~~

~~(ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of fourteen (14) days.~~

~~(c) The Manager may terminate this Agreement immediately upon any of the following events:~~

~~(i) — The date of death of [Name of sole shareholder];~~

~~(ii) — The date [Name of sole shareholder] is determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services~~

~~(iii) — The date [Name of sole shareholder] becomes disqualified under the bylaws of the P.C. or applicable law to be a shareholder of the P.C.;~~

~~(iv) — The date upon which any of the shares of stock in the P.C. held by [Name of sole shareholder] are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;~~

~~(v) — The date upon which [Name of sole shareholder] ceases to provide chiropractic services in connection with the P.C.;~~

~~(vi) — The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.;~~

~~(vii) — The revocation, suspension, cancellation, or restriction of any Provider's license to practice chiropractic in Kansas or any state where P.C. is providing services under this Agreement;~~

~~(viii) — The revocation, suspension, cancellation, or restriction of any Provider's DEA registration; or~~

~~(ix) — The inability to secure and/or maintain insurance coverage on behalf of Provider or Clinic in accordance with the provisions of Section 7.~~

~~(d) The Manager may terminate this Agreement immediately upon written notice to the P.C. in the event of termination for any reason of any of the following agreements: the Manager's operating agreement and/or the employment agreement between the P.C. and _____ [Doctor's Name].~~

~~(e) The Manager may terminate this Agreement upon ten (10) days' written notice to the P.C. in the event P.C. fails to make any payment due the Manager in accordance with the terms and conditions of this Agreement and such breach is not cured within the 10-day notice period; provided however, that the Manager may terminate this Agreement immediately upon written notice if P.C. fails to make any payment due the Manager under this Agreement more than twice during any twelve (12) consecutive month period.~~

~~(f) The Manager may terminate this Agreement at any time with or without cause, by giving the P.C. forty-five (45) days' prior written notice.~~

~~(g) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.~~

~~(h) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Manager any amounts owed to the Manager under paragraph 5 hereof as of the date of termination or expiration.~~

~~(i) Upon termination or expiration of this Agreement, the P.C. shall return to the Manager any and all property of the Manager which may be in the P.C.'s possession or under the P.C.'s control.~~

~~(j) If, in the opinion (the "Opinion") of health care counsel selected by the Manager, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Manager or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Manager or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eight (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 13(j), then the restrictions contained in 8 and 10 of this Agreement shall be waived and shall be of no further effect.~~

~~**16. Obligations After Termination.** Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:~~

~~(a) The Manager shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;~~

~~(b) Both the Manager and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and~~

~~(c) Both the Manager and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Manager six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Manager pursuant to Section 13(b), (c), (d), or (e) the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Manager under this or any other agreement between the parties, except as may otherwise be agreed to by the Manager in its discretion.~~

~~**17. Return of Proprietary Property and Confidential Information.** All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Manager's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Manager, (b) will not be used by P.C. or its Providers in any way adverse to the Manager or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Manager's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Manager, and P.C. and such Providers shall discontinue use of such materials.~~

~~18. **Status of Parties.** In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.~~

~~19. **Force Majeure.** Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.~~

~~20. **Notices.** Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.~~

~~21. **Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.~~

~~22. **No Rights in Third Parties.** This Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.~~

~~23. **Governing Law.** This Agreement shall be construed and enforced under and in accordance with the laws of the State of Kansas, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of Kansas, County of _____.~~

~~24. **Severability.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.~~

~~25. **Waiver.** The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.~~

~~26. **Rights Unaffected.** No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.~~

~~27. **Interpretation of Syntax.** All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.~~

~~28. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.~~

~~29. **Further Actions.** Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of~~

this Agreement and as are not inconsistent with the terms hereof.

~~30. **Non-Assignment.** The P.C. may not assign this Agreement except with the prior written approval of the Manager. The Manager may assign this Agreement.~~

~~31. **Access of the Government to Records.** To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Act [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extend for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.~~

~~IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.~~

~~[P.C.] _____ [JOINT FRANCHISEE/ "Manager"]~~

~~By: _____ By: _____
Its: President _____ Its: _____~~

EXHIBIT A
TO JOINT MANAGEMENT AGREEMENT
EQUIPMENT/FURNISHINGS

{Insert “Supply List” for each Clinic}

EXHIBIT B
REAL ESTATE AND EQUIPMENT SUBLEASE

{Attach}

EXHIBIT C

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (the “Addendum”) to the Management Agreement (the “Agreement”) dated _____, by and between the P.C. and the Manager (for purposes of this addendum, the “Business Associate”), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the “HITECH Act”), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as “HIPAA”).

I. ~~Definitions.~~ For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:

A. ~~“Protected Health Information” shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. “Protected Health Information” does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.~~

B. ~~“Required by Law” shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. “Required by Law” includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.~~

Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.

II. ~~Permitted Uses and Disclosures.~~ Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:

- ~~A. Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.~~
- ~~B. Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(b), Business Associate shall (i) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.~~
- ~~C. Business Associate may use or disclose protected Information as Required by Law.~~
- ~~D. Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.~~

~~III. Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.~~

~~IV. Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.~~

~~V. Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.~~

~~VI. Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).~~

~~VII. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.~~

~~VIII. — Access to protected health information by the P.C.~~

- ~~A. — Within (10) days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§ 164.524.~~
- ~~B. — Within ten (10) days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P.C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R. § 164.528.~~
- ~~C. — Within ten (10) days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. § 164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.~~

~~IX. — Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.~~

~~X. — Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.~~

~~XI. — Obligations of P.C.~~

- ~~A. — Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.~~
- ~~B. — P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.~~
- ~~C. — P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.~~

~~XII. — Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.~~

~~12.13. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to~~

the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.

~~13.~~14. **Conflicting Terms.** -In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.

EXHIBIT ~~I~~"H"-5

~~AMENDMENT TO
WAIVE MANAGEMENT AGREEMENT~~

**AMENDMENT TO
FRANCHISE AGREEMENT
WAIVER OF MANAGEMENT AGREEMENT**

THIS AMENDMENT (“Amendment”) is made and entered into on this ___ day of _____, 20__ by and between The Joint Corp., a Delaware corporation (“Franchisor” or “we” or “us”), and _____, a _____ (“Franchisee” or “you”).

RECITALS

A.—We and you are parties to a The Joint Corp. Franchise Agreement dated as of the same date as this Amendment (the “Franchise Agreement”), which pertains to the management and operation of a “The Joint” business at a facility operating under the name “The Joint” (which is referred to as a “Clinic”) (together the management and operation of a Clinic will be referred to as the “Franchised Business”) with the “Territory” as described in the Franchise Agreement. Your Clinic will be located and operated in the state of _____.

B.—We and you wish to amend the terms of the Franchise Agreement as described below.

C.—All capitalized terms not defined in this Amendment will have the meaning set forth in the Franchise Agreement, or the Management Agreement (as defined below).

AGREEMENT

NOW THEREFORE, we and you, in consideration of the undertakings and commitments of each party to the other party set forth herein and in the Franchise Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, mutually agree as follows:

1.—Franchisee's Representations and Warranties:

a.—You understand and agree that you are solely responsible for operating in full compliance with all laws that apply to your Franchised Business. The laws regulating the chiropractic medical industry include without limitation, federal, state and local regulations relating to: the practice of chiropractic medicine and the operation and licensing of chiropractic services; the relationship of providers and suppliers of health care services, on the one hand, and physicians and clinicians, on the other, including anti kick back laws; restrictions or prohibition on fee splitting; physician self-referral restrictions; payment systems for medical benefits available to individuals through insurance and government resources; privacy of patient records; use of medical devices; and advertising of medical services (together such are, “Medical Regulations”).

b.—You represent and warrant to us that: (1) you have conducted independent research regarding the Medical Regulations that are applicable to chiropractic services generally, and the Franchised Business specifically in the Territory, including retaining the services of qualified professional advisers as necessary; (ii) you have verified that under the Medical Regulations applicable to your Franchised Business, you are permitted to both manage the Clinic and operate the Clinic, including hiring any chiropractic and other personnel and providing chiropractic services to patients at the Clinic.

e.—You have requested that, based on your representations and warranties to us as to the Medical Regulations applicable to your Franchised Business, we waive the requirements of the Franchise Agreement that you (i) enter into a management agreement with a P.C., which as a separate entity would operate the Clinic and provide all chiropractic services, and (ii) you refrain from providing any chiropractic services to patients or hiring and supervising medical providers, subject to all applicable Medical Regulations.

d.—You acknowledge and agree that we are entering into this Amendment in reliance your representations and warranties. You understand and agree that your obligations to operate in compliance with Medical Regulations will continue throughout the term of the Franchise Agreement, and if there are any changes in Medical Regulations

that would render your operation of the Clinic in violation of any Medical Regulation, you will immediately advise of such change and of the your proposed corrective action to comply with Medical Regulations, including (if applicable) entering into a management agreement with a P.C.:

~~e.—You acknowledge and agree that by requesting us to permit you to perform all of the activities and obligations of the P.C. (rather than signing a management agreement with a P.C. that would operate the Clinic), you will incur all costs of both managing and operating the Clinic, including those costs that would otherwise be borne by the P.C. (such as obtaining all necessary licensing and certification for practicing chiropractic medicine and compensation of chiropractic professionals). You have researched the costs associated with both managing and operating the Clinic.~~

2.—Based on your representations and warranties to us above, you and we agree as follows:

~~a.—Notwithstanding anything to the contrary in the Franchise Agreement, including Section 1.2, you are not required by the Franchise Agreement to enter into a Management Agreement with a P.C., provided that you comply with applicable Medical Regulations.~~

~~b.—Notwithstanding anything to the contrary in the Franchise Agreement, including Section 1.2, you are not restricted from providing chiropractic services to the Clinic's patients, or from hiring and supervising the chiropractors and employees who are legally authorized to provide chiropractic services to patients of the Clinic.~~

~~e.—Instead of entering into the Management Agreement with a separate P.C., you agree to be solely responsible for operating the Clinic and providing, or arranging for and supervising the provision of, chiropractic services to the patients of the Clinic. You, therefore, agree that you will perform all responsibilities and obligations of the “P.C.” as set forth in the form of Management Agreement attached to this Amendment as Exhibit A (the “Management Agreement”), which are hereby incorporated into this Amendment. Without limiting the foregoing, you acknowledge and agree that these obligations include:~~

- ~~(i) —satisfying the representations and warranties of Section 1.2 of the Management Agreement;~~
- ~~(ii) —selecting, maintaining, and using the Equipment and Furnishings in good condition and repair and in a safe and appropriate manner as described in Section 2 of the Management Agreement;~~
- ~~(iii) —being responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic; selecting, training, supervising and employing (or otherwise engaging) all Providers; ensuring that the Clinic and all Providers maintain all necessary licenses and credentials; establishing and maintaining quality and standards of patient care, as described in Section 4 of the Management Agreement;~~
- ~~(iv) —maintaining malpractice and other insurance as described in Section 7 of the Management Agreement;~~
- ~~(v) —indemnifying us as described in Sections 8 and 9 of the Management Agreement; and~~
- ~~(vi) —complying with the non-solicitation requirements of Section 10 of the Management Agreement.~~

~~d.—Instead of entering into the Management Agreement with a separate P.C., you agree to be solely responsible for providing the management and support services necessary for operating the Clinic. You, therefore, agree that you will perform all responsibilities and obligations of the “Company” as set forth in the Management Agreement, which are hereby incorporated into this Amendment. Without limiting the foregoing, you acknowledge and agree that these obligations include:~~

- ~~(i) —providing the use of the Premises and Equipment and Furnishings as described in Section 2 of the Management Agreement;~~
- ~~(ii) —providing the management and administrative services described in Sections 3 and 4 of the Management Agreement; and~~

~~(iii) ensuring that all insurance required by Section 7 of the Management Agreement is maintained.~~

~~e. Any reference in the Franchise Agreement to an obligation of, or requirement applicable to, the P.C. will be your obligation.~~

~~f. Any reference in the Franchise Agreement to the "Franchised Business" will include your activities in both managing and operating the Clinic.~~

~~3. Except as otherwise amended above, the Franchise Agreement is otherwise in full force and effect.~~

~~IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment in duplicate on the day and year first above written.~~

~~FRANCHISOR _____ FRANCHISEE~~

~~THE JOINT CORP., a Delaware corporation _____~~

~~By: _____ By: _____~~

~~Name: _____s Name: _____~~

~~Title: _____ Title: _____~~

EXHIBIT A TO AMENDMENT
MANAGEMENT AGREEMENT

EXHIBIT J

STATE-SPECIFIC DISCLOSURES

~~REQUIRED BY THE STATE OF CALIFORNIA~~

~~CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF CORPORATIONS PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.~~

~~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 DISCLOSURE DOCUMENT.~~

~~Neither we nor any person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange.~~

~~The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control. We may not terminate your franchise except for good cause, and we must give you a notice of default and a reasonable opportunity to cure the defects (except for certain defects specified in the statute, for which no opportunity to cure is required by law). The statute also requires that we give you notice of any intention not to renew your franchise at least 180 days before expiration of the Franchise Agreement.~~

~~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).~~

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

~~THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF ARIZONA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.~~

~~To the extent permitted by law, you and we waive any right to or claim for any punitive or exemplary damages against each other and agree that in the event of a dispute between us, each will be limited to the recovery of actual damages only (except in limited circumstances). Each party further waives trial by jury and, to the extent permitted by law, all claims arising out of or relating to the Franchise Agreement must be brought within one year from the date on which you or we knew or should have known of the facts giving rise to such claims (except for claims relating to nonpayment or underpayment of amounts you owe us).~~

~~The Franchise Agreement requires mediation. The mediation will occur at the office of the American Arbitration Association Office closest to our principal executive offices. 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) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.~~

~~OUR WEBSITE (www.thejoint.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.~~

REQUIRED BY THE STATE OF HAWAII

~~THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.~~

~~THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.~~

~~THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.~~

Item 20 of this Disclosure Document will be amended by the addition of the following paragraph:

~~As of the dates listed in Attachment 1, this franchise offering is or will be effective in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin and exempt from registration in Arizona and Utah. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.~~

REQUIRED BY THE STATE OF ILLINOIS

Illinois requires the following additional risk factor:

~~“Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even if 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.”~~

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The Illinois Franchise Disclosure Act will govern any Franchise Agreement if it applies to a subfranchise located in Illinois.

Any condition in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois, provided

~~that the Franchise Agreement may provide for mediation in a forum outside of Illinois.~~

~~In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.~~

~~Illinois law governs the Franchise Agreement (s).~~

~~REQUIRED BY THE STATE OF INDIANA~~

~~The Franchise Agreement contains a covenant not to compete that extends beyond the termination of your franchise. This provision may not be enforceable under Indiana law.~~

~~Indiana law makes unilateral termination of your franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.~~

~~If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Arizona law will abrogate or reduce any of your rights as provided for under Indiana law.~~

~~Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.~~

~~Although the Franchise Agreement requires mediation to be held at the office of the American Arbitration Association closest to our principal executive offices, mediation held pursuant to the Franchise Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.~~

~~REQUIRED BY THE STATE OF MARYLAND~~

~~A franchisee located within the state of Maryland shall not be required to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise which would act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.~~

~~The provisions in the Franchise Agreement relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

~~Lawsuits by either you or us may take place in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.~~

~~Any limitation of claims provision(s) in the Franchise Agreement shall not act to reduce the 3 year statute of limitations afforded to you for bringing a claim under the Law. Any claims arising under the Maryland Franchise Registration and Law must be brought within 3 years after the grant of the franchise to you.~~

~~Item 5 of this disclosure document is amended to add the following language at the end of the section:~~

Fee Deferral

~~5.1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.~~

~~6.1. 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.~~

~~REQUIRED BY THE STATE OF MINNESOTA~~

~~We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.~~

~~Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.~~

~~With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice in advance of termination (with 60 days to cure) and 180 days' notice in advance of nonrenewal of the Franchise Agreement.~~

~~Minn. Stat. § 80C.17, Subd. 5, states that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues~~

~~Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Under Minnesota law, we cannot require you to consent to injunction relief; however, we may seek injunctive relief from the Court.~~

~~Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.~~

~~REQUIRED BY STATE OF NEW JERSEY~~

~~Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses; and the common practice in the industry.~~

~~REQUIRED BY THE STATE OF NEW YORK~~

~~1. The following information is added to the cover page of the Franchise Disclosure Document:~~

~~INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.~~

~~THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.~~

2. — The following is added at the end of Item 3:

~~Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:~~

~~A. — No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.~~

~~B. — No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.~~

~~C. — No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.~~

~~D. — No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.~~

3. — The following is added to the end of Item 4:

~~Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10 year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.~~

4. — The following is added to the end of Item 5:

~~The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.~~

5. — The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

ASSET PURCHASE AGREEMENT

[~~See You may terminate the agreement on any grounds available by law.~~

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

REQUIRED BY THE STATE OF NORTH DAKOTA

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

Although the Franchise Agreement provides that the place of mediation will be located at the office of the American Arbitration Association closest to our principal executive offices, we agree that the place of mediation will be a location that is in close proximity to the site of your Franchised Business.

The Franchise Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. ~~This provision may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.~~

Although the Franchise Agreement provides that it will be governed by and construed in accordance with the laws of the State of Arizona, we agree that the laws of the State of North Dakota will govern the construction and interpretation of the Franchise Agreement.

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury, the Commissioner has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. ~~This provision is not enforceable in North Dakota.~~

Although the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages, the Commissioner had determined these types of provisions to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. ~~This provision is not enforceable in North Dakota.~~

Although the Franchise Agreement requires the franchisee to consent to a limitation of claims period within

~~one year, the Commissioner had determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is therefore governed by North Dakota law.~~

~~To the extent any provision of the Franchise Agreement requires you to consent to a waiver of exemplary or punitive damages, the provision will be deemed null and void.~~

~~REQUIRED BY THE STATE OF RHODE ISLAND~~

~~Even though our Franchise Agreement says the laws of Arizona apply, § 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.”~~

~~REQUIRED BY THE STATE OF WASHINGTON~~

~~The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

~~In any mediation involving a franchise purchased in Washington, the mediation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation, or as determined by the mediator.~~

~~In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.~~

~~A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.~~

~~Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.~~

~~These requirements must be included in an addendum to the Franchise Agreement you sign for the State of Washington.~~

~~{Signature Page Follows}~~

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20____.

FRANCHISOR:

THE JOINT CORP.
a Delaware corporation

By: _____
Name: _____
Its: _____

FRANCHISEE

a(n) _____

By: _____
Name: _____
Its: _____

EXHIBIT K

~~REQUIRED VENDOR AGREEMENTS~~

~~REQUIRED VENDOR AGREEMENTS~~

CLIENT FRANCHISEE AGREEMENT

1. TERMS

~~“Franchisee” (as signed and entered below on the signature page) as a *The Joint Chiropractic* franchise owner, and Spectrio enter into this Client Franchisee Agreement (“Agreement”) for a period of **twenty-four (24) months**. Excepting the foregoing terms and conditions, this Agreement shall be governed by the Spectrio Mater Agreement with The Joint Corp. dated as of its “Effective Date” (as defined therein) (“Master Agreement”). Any term utilized herein not otherwise defined shall have the same meaning as set forth in the Master Agreement. ~~This Agreement will automatically convert after the initial twenty-four (24) month term to a month-to-month term until a new agreement is put in place or this Agreement is cancelled upon notice in writing by certified mail from the terminating party to the non-terminating party. In the event that either Spectrio or Franchisee breaches any material term of this Agreement, and such breach shall remain unremedied for a period of thirty (30) days after written notice of such breach from the non-breaching party, the non-breaching party may immediately terminate this Agreement upon written notice to the breaching party.~~~~

~~A. Franchisee will select five (5) stylized music format, with each format consisting of professional programmed licensed music to meet a particular Franchisees’ needs and targeted audience.~~

~~B. Franchisee’s Service comes with the option of twelve (12) produced pieces of messaging a year of up to thirty (:30) seconds in length each, including branding, thank you or up-selling messages, that Spectrio will produce, create and insert, subject to Franchisee’s prior approval, at no additional cost or expense. These spots will run at equal rotation unless otherwise expressed in writing. All copy points for the spots are to be provided by the Franchisee to Spectrio for clarity. Franchisee has the right to approve first. Music and messaging can be used for on hold service if the Franchisees have a proper phone system with an audio input.~~

~~C. Franchisees electing to utilize the services of Spectrio as outlined in this Agreement are required to lease the use of the “plug & play” box per location, to be provided by Spectrio, with a one (1) time set up fee as stated in Section 2, Compensation, of this Agreement. Spectrio shall also provide the initial installed equipment more particularly described in Section 3 Terms of Service set forth hereinafter.~~

~~D. Franchisees electing to utilize the services of Spectrio as outlined in this Agreement have the option to select between four (4) in-store music formats, each for a respective monthly subscription fee as set forth in Section 2, for a minimum of twenty-four (24) months per Clinic Location.~~

~~E. Franchisees electing to utilize the Services of Spectrio as outlined in this Agreement will have a tiered-out clause. If the applicable agreement is cancelled within the first twelve (12) months, seventy-five percent (75%) of remaining amount to be billed under the agreement would be due. The second twelve (12) month period constitute a buyout of sixty (60%) of the remaining amount to be billed under the agreement. If the agreement were to be cancelled in the last twelve (12) month period, the buyout would be fifty (50%) of the remaining amount to be billed under the agreement. All remaining balances will be due upon termination. All cancellations must be received by certified mail. This clause will be activated and the Franchisees’ direct agreement with Spectrio can be cancelled with no penalty or buyout required by the applicable Franchisees if they fall out of good standing with Client.~~

~~F. Franchisee agrees and acknowledges to be personally, jointly and severally bound to the terms and obligations in the Master Agreement. Franchisee agrees and acknowledges that The Joint Corp. shall bear no obligation or~~

liability for the payment of any costs, fees or expenses related to this Agreement. Franchisee further agrees and acknowledges that Franchisee (including without limitation its individual owners) shall indemnify and hold harmless The Joint Corp., its subsidiaries, affiliates, predecessors, successors and assigns, and each of their respective officers, directors and employees, harmless from and against any and all loss, liability, claims, demands or suits (including, without limitation, reasonable attorneys' fees, court and expert costs, and expenses) which arise out of: (i) this Client Franchisee Agreement, the Master Agreement, the Services or the breach of any of the representations, warranties or agreements made by Franchisee in this Client Franchisee Agreement or the Master Agreement (including, without limitation, damages caused by any violations by law by Franchisee); (ii) disclosure to an unauthorized party of the Confidential Information; or (iii) the alleged negligence, misconduct, error or omission of Franchisee, its employees, agents, affiliates, assigns, independent contractors, officers, directors or principals.

2. COMPENSATION

A. ~~Franchisees enter into this Agreement with Spectrio for the Services, and shall be solely responsible for compensating Spectrio for the Services and all related costs and fees as set forth herein. The negotiated fee for each Franchisee shall not exceed a \$24.00 monthly subscription fee per location for a minimum of twenty four (24) months per location. If the franchisee elects a 36 month term the monthly subscription fee will be \$21.00 per month.~~

B. ~~If elected, Franchisee's digital signage services provided for a monthly fee would be \$20.00 \$ per month for a 24 for month term or \$15.00 per month for a 36 month term.~~

C. ~~Agreements between Spectrio and any Franchisees will pay Spectrio a one (1) time start up fee of \$99 for music player & (1) time start up fee of \$99 for the digital player plus shipping per location which includes the one-time usage charge of the "plug & play" player, initial production, and playlist development.~~

3. TERMS OF SERVICE

A. ~~THE FOLLOWING DESCRIBES YOUR RIGHTS AS THEY PERTAIN TO THE HARDWARE AND ALL ASSOCIATED SOFTWARE ("EQUIPMENT") OF SPECTRIO PROVIDED TO EVERY FRANCHISEE THAT HAS ENTERED INTO A THIS AGREEMENT WITH SPECTRIO FOR ITS MUSIC SERVICES.~~

B. ~~Restrictions. The Equipment and the accompanying printed or written materials are protected by applicable national copyright laws and are also subject to trade secret laws. Unauthorized copying of the Equipment or any related materials, including those instances where any aspects of the Equipment or related material have been modified, merged, or included with other data, code or software for any reason, is expressly forbidden. Franchisee of Client Franchisee of Client will be liable for copyright infringement and all damages that result from any such unauthorized copying. The Equipment contains trade secrets, and in order to protect them, you may not decompile, reverse engineer or disassemble the Equipment, or otherwise reduce the Equipment to a~~

~~human perceivable form. Franchisees may not modify, adapt, translate, rent, lease, loan, resell for profit, distribute, network or create derivative works based on all or any part of the Equipment.~~

~~C. Title. The original and any copies of the Equipment, its associated software, and all accompanying content and documentation, in whole and in part, including translations, compilations, partial copies, modifications, and updates are the property of Spectrio. Franchisee has only the limited rights granted by this Agreement. Franchisee is not an owner of a copy of the Program, and therefore 17 U.S.C. Section 117 does not apply.~~

~~D. Failure or Interruption of Service. For any failure or interruption of the Service that exceeds twenty four (24) consecutive hours in duration, Spectrio will credit Franchisee's account with respect to the affected Clinic Location by an amount equal to one thirtieth of the recurring monthly charge for the Service for each 24-hour period during which the failure or interruption continues.~~

~~E. Indemnification. During the term of this Agreement and thereafter, the parties, to the fullest extent permitted by law, shall each hold the other party harmless against any judgments, fines, amounts paid in settlement and reasonable expenses (including attorneys' fees), and advance amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted by law, in connection with any claim, action or proceeding (whether civil or criminal) against the other party as a result of either party's violations of any representations or laws, or that party's acts or omissions arising from or related to this Agreement.~~

~~**THE UNDERSIGNED HAS READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND IT. IN WITNESS WHEREOF, Franchisee and Spectrio have executed this Agreement as of the date and year first written below. This Agreement may be delivered by electronic transmission and receipt of an E-Sig or PDF electronic copy of any party's signature shall be considered to be receipt of an original copy thereof.**~~

FRANCHISEE

[PRINT/SIGNATURE] _____ Date

~~**SPECTRIO By: Angela Selander, Representative of Spectrio.**~~

Angela Selander _____ Date

~~**Franchisee hereby voluntarily elects to utilize the services of Spectrio as outlined above on the terms and conditions as outlined above, and acknowledges its joinder to this Agreement by its signature below for the location and start date indicated below:**~~

By: _____
Its: _____

Clinic Location covered: _____

Start Date for above location: _____

All of the Foregoing Acknowledged, agreed and accepted to:

SPECTRIO By: Angela Selander, Representative of Spectrio.

Angela Selander _____ Date

**National Integrated HealthCare Group—Credentialing Application and Services Agreement for
The Joint Chiropractic Clinic(s)**

~~This Credentialing Application and Services Agreement for *The Joint Chiropractic*® Clinic(s) (the “Agreement”) is made effective as of the date last set forth below at the signature page (“Effective Date”), by and between *The Joint Chiropractic* franchise owner _____ (“Franchisee”), and NATIONAL INTEGRATED HEALTHCARE GROUP, LLC, a Texas limited liability company with offices located at 539 W. Commerce St., Ste. 1140, Dallas, TX 75208 (“Company”), collectively referred to herein as the “Parties” (or individually, as a “Party”).~~

AGREEMENT

~~_____ For and in consideration of the mutual promises, releases, agreements, and covenants set forth below, the Parties agree as follows:~~

~~1. Service Obligations. Franchisee is the owner and operator of one or more *The Joint Chiropractic* clinics (each a “Franchisee Clinic”) and agrees to engage Company’s services as an independent contractor in accordance with the terms and conditions herein. Company will be expected to provide prompt and complete credentialing of chiropractic personnel and related services, reports and deliverables as further defined below (the “Services”) for *The Joint Chiropractic*® franchise owners and any applicable and authorized affiliated legal entities (collectively, “Franchisees” each operating a “Franchisee Clinic”). Both Franchisee and shall complete and execute the form of **Credentialing Application** (“Credentialing Application”) attached hereto at Exhibit A. The terms of this Agreement shall be incorporated into, and govern, each Credentialing Agreement. This Credentialing Agreement shall include details of any billing, invoicing and payment details and Clinic specific agreements. The Credentialing Agreement shall also include all “Credentialing Requirements” at Exhibit B hereto (as determined by the Company and third parties delivering some or all of the Services) to ensure Franchisee is fully aware and notified of such for compliance purposes.~~

~~2. Master Services Agreement. This Credentialing Agreement is governed by the terms of the Master Services Agreement entered into by The Joint Corp., a Delaware corporation and the Company dated as of its separately defined “Effective Date.” Franchisee agrees and acknowledges that it has had the opportunity to read and understand the terms of the Master Services Agreement, and that Franchisee further agrees and acknowledges to be fully bound by the terms of the Master Services Agreement as incorporated to and governing the terms of this Credentialing Agreement. Any conflict between this Agreement and the Master Services Agreement shall be governed by the Master Services Agreement.~~

~~3. Services and Fees. Company agrees to provide the following Services to Franchisee for the Franchisee Clinic(s) as detailed below on the Credentialing Application:~~

- ~~a. Background check including Fraud Abuse Control Information System (FACIS) Level 3~~
- ~~b. Education verification~~
- ~~c. License verification~~
- ~~d. Joint specific malpractice verification~~
- ~~e. Ongoing monitoring of Department of Health and Human Services Office of Inspector General (OIG) and licensure board sanctions~~

~~Service Package and Credentialing Fees. The Services shall be delivered to Franchisee through the purchase of a “Service Package,” which shall include the above Services, including the related deliverables and reporting. The applicable fees for the Services/Service Package and any other fees or expenses shall be set forth and detailed at Schedule 1 below (“Credentialing Fees”). Company agrees that the Credentialing Fees shall remain unchanged and in effect through the Initial Term. Company further agrees that any change to the Credentialing Fees subsequent to the Initial Term shall only take effect thirty (30) days following written notice to Franchisee (email shall suffice).~~

~~4. Term and Termination.~~

~~A. Term and Termination. This Agreement shall be in effect for an initial term of one (1) year (“Initial Term”), beginning on the Effective Date, and will thereafter automatically renew for successive one year terms (each, a “Renewal Term”) until terminated in accordance with the provisions hereof. The Initial Term and any Renewal Terms shall collectively be referred to as a the “Term.” After the Initial Term, Franchisee shall have the right to terminate this Agreement for any reason after first giving Company thirty (30) days advance written notice of Franchisee’s intent to do so, provided the Franchisee’s account is paid to date. If Franchisee has selected to pay the account via the convenience of any payment plan, the balance of the account must be paid in full upon termination. Termination of this Agreement shall not terminate the rights or obligations of either Company or Franchisee arising during the period when this Agreement was in force and effect. Company shall not be obligated to return to Provider any portion of the Company’s Fees upon termination; unless Company breaches the terms of this Agreement. In such event, Franchisee shall be entitled to a refund of Fees paid during such breach; refund to be paid within ten (10) days of the date of termination of Agreement.~~

~~B. Breach with Cure Opportunity. In the event that a Party breaches any material term of this Agreement (unless in accordance with Subsection C below), and such breach shall remain un-remedied for a period of seven (7) calendar days after written notice of such breach from the non-breaching Party, the non-breaching Party may immediately terminate this Agreement upon written notice to the breaching Party; provided however that each active Credentialing Agreement shall remain active unless and until either of those applicable executing parties elect to renew or to terminate the applicable Credentialing Agreement.~~

~~C. Breach with No Cure Opportunity.~~

~~1. By Franchisee. Franchisee may terminate this Agreement effective immediately, upon written notice, if (a) Company is named as a defendant in a criminal proceeding for a violation of Health Insurance Portability and Accountability Act (HIPAA), Health Information Technology for Economic and Clinical Health (HITECH), or other security or privacy laws or (b) there is a finding or stipulation that Company has violated any standard or requirement of HIPAA, HITECH, or other security or privacy laws in any administrative or civil proceeding in which Company is involved.~~

~~2. By Company. Company may terminate this Agreement effective immediately, upon written notice, if Franchisee (a) should cease for any reason to be properly licensed or registered to practice the Services specified by this Agreement; (b) commits any act of fraud, whether related to the provision of Services or otherwise, against either Company or any third-party payor regardless of whether or not such contract has been secured by the Company; (c) fails to Provider fails to pay any Fees required in this Agreement following Company’s delivery of notice of failure to pay such Fees and ten (10) days following Franchisee’s receipt of such notice;~~

~~D. Review Following Termination. Should Franchisee dispute Company's termination of this Agreement, Franchisee shall deliver written notice to Company of Franchisee's desire for Company to review such termination. Such notice shall include all records, documentation and information Franchisee wishes for Company to consider in its review. Within thirty (30) days of Company's receipt of written notice, Company will review all records, documentation and information submitted; and deliver to Franchisee a final written determination of Franchisee's request for reinstatement.~~

~~5. Franchisee Obligations.~~

~~A. Franchisee agrees to maintain any patient medical records in its possession in strictest confidence in accordance with applicable federal and state laws, rules and regulations, including applicable provisions of HIPAA, HITECH and regulations promulgated thereunder, as they may be amended from time to time; and to ensure accuracy of beneficiary medical, health and enrollment information and records; and to maintain such records for a period of not less than ten years.~~

~~B. Franchisee warrants that all information provided to Company for Credentialing Requirements are valid and accurate.~~

~~C. Franchisee agrees to immediately notify Company of, and provide Company with, all information pertaining to any disciplinary action, malpractice action, legal action or judgment against Franchisee (or any of the personnel Franchisee seeks Credentialing); any sanction by the Medicare or Medicaid Programs; or Franchisee's failure for any reason to meet the Credentialing Requirements. Such events may result in Franchisee's suspension or termination from Company.~~

~~D. Franchisee warrants it is in compliance with all applicable laws, regulations, and rules that apply to their ability to provide services under this Agreement, including, if applicable, Medicare, Medicaid and Centers for Medicare and Medicaid Services (CMS) laws, and any local, state, and federal regulations, reporting requirements, and CMS instructions.~~

~~E. Franchisee agrees not to discriminate in the treatment of any patient or in the quality of services provided to any patient on the basis of race, sex, age, religion, marital status, national origin, physical or mental handicap, health status, or source of payment, and to provide services which are of a quality consistent with generally accepted standards and practices in the medical community.~~

~~F. Franchisee may, at any time, review the information submitted to Company in support of their initial or re-credentialing form. If Company receives information that varies substantially from the information submitted by the Franchisee, the Franchisee will be notified by appropriate verbal or written means of their failure to pass the credentialing process and be given the opportunity to explain the discrepancy and/or correct erroneous information prior to approval or denial/termination of the credentialing process. The notification to the Franchisee will outline when, how and to whom the information should be submitted and will describe the appeal process including documentation to be submitted by practitioner, criteria, schedule and who will hear the appeal.~~

~~G. Franchisee acknowledges and agrees that Company is required to follow national credentialing guidelines concerning any documented sanctions or actions not previously reported to~~

~~appropriate entities. Company may utilize appropriate verbal or written communications to clarify any finding with Franchisee. Should Company determine that its' finding require reporting to appropriate entities, Franchisee acknowledges that Company may do so.~~

~~H. Franchisee acknowledges it have or will set standards and thresholds for office site criteria and medical treatment record-keeping practices within Franchisee's Clinic for each of the following categories: Physical Accessibility, Physical Appearance, Adequacy of Waiting/Examining Room Space and, Adherence to Patient Privacy.~~

~~6.—Indemnification. Each of the Company and Franchisee shall indemnify and hold harmless the other, including its subsidiaries, affiliates, predecessors, successors and assigns, and each of their respective officers, directors and employees (including The Joint Corp.), harmless from and against any and all loss, liability, claims, demands or suits (including, without limitation, reasonable attorneys' fees, court and expert costs, and travel expenses) which arise out of: (i) the Master Services Agreement, the Credentialing Agreement, the Services or the breach of any of the representations, warranties or agreements made by either Party in the Master Services Agreement or Credentialing Agreement (including, without limitation, damages caused by any violations by law by either Party); (ii) disclosure to an unauthorized party of the Confidential Information; or (iii) the alleged negligence, misconduct, error or omission of either Party, its employees, agents, affiliates, assigns, independent contractors, officers, directors or principals.~~

~~7.—Governing Law and Dispute Resolution. A dispute between the Company and Franchisee relating to one or more Franchisee Locations located within a single state will be resolved pursuant to the laws of that state without regard to conflict of laws. The prevailing party shall be entitled to recover from the non-prevailing party, its reasonable attorneys' fees, court costs and expert witness expenses. Franchisee and Company hereby irrevocably waive any rights to require other jurisdictions or other dispute resolution process; unless Franchisee and Company agree by separate writing.~~

~~8.—No Discriminatory Practices. Company represents that it does not discriminate in the credentialing process on the basis of color, creed, religious affiliation, sexual orientation, national origin, or physical abilities.~~

~~9.—Notices. All notices required or permitted to be given by one Party to another under this Agreement shall be in writing, and shall be deemed sufficient if either delivered in person or sent by overnight delivery service, by email to one or more of the customarily used email addresses, or by registered or certified mail return receipt requested, to the Parties at the addresses provided herein or to the address of a legal entity of either Party. Any change of address must be furnished to the other party in writing (email shall suffice).~~

~~10.—Franchisee Representations. The person executing this Agreement on behalf of Franchisee, by such execution, warrants and represents that he/she has the authority to execute this Franchisee Agreement on behalf of Franchisee, and intends to be bound by this Agreement and the Master Services Agreement. Franchisee (including its owners individually) shall indemnify and hold harmless The Joint Corp., its subsidiaries, affiliates, predecessors, successors and assigns, and each of their respective officers, directors and employees, harmless from and against any and all loss, liability, claims, demands or suits (including, without limitation, reasonable attorneys' fees, court and expert costs, and expenses) which arise out of: (i) this Agreement, the Master Services Agreement, the Services, or the breach of any of the representations, warranties or agreements made by Franchisee in this Agreement or the Master Services Agreement (including, without limitation, damages caused by any violations by law by Franchisee); (ii) disclosure to an unauthorized party of the Confidential Information; or (iii) the alleged negligence, misconduct, error or~~

~~omission of Franchisee, its employees, agents, affiliates, assigns, independent contractors, officers, directors or principals. Complete terms and conditions of this Franchisee Service Agreement include any and all terms and conditions included in the Master Services Agreement, which are incorporated herein by reference, and may upon request. Franchisee further agrees and warrants that The Joint Corp. is hereby granted the authority and consent (and any necessary agency) by Franchisee to review and retain the Services (including all deliverables and reports) generated by Company and delivered to Franchisee in accordance with the terms of this Agreement. Franchisee acknowledges and agrees that this Agreement does not provide any financial incentive or make any payment that results, directly or indirectly, in an inducement to limit medically necessary services.~~

~~11. Digital Signatures and Counterparts. The Parties agree that faxed, digital, electronic, scanned or photocopied signatures are acceptable as original signatures in execution of this Agreement. This Agreement may be executed in as many counterparts as may be deemed necessary or convenient, and by the different Parties on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument.~~

~~IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.~~

~~“FRANCHISEE” _____ “COMPANY”~~

~~**THE JOINT CORP., a Delaware corporation** _____ **NATIONAL INTEGRATED HEALTHCARE GROUP, LLC, a Texas limited liability company**~~

~~By: _____ By: _____~~

~~Name: _____ Name: _____~~

~~Title: _____ Title: _____~~

~~Date: _____ Date: _____~~

Schedule 1—Credentialing Fees

TASK	Frequene y	Quote, Per Provider	Comments
Background check including FACIS Level 3	Initial	\$15.00 one-Time Fee	This is a one-time fee, per provider per Background check at the initial on-boarding
Education verification	Initial	\$12.00 one-time fee	We can obtain a letter from the Licensing boards stating that they verify the provider's education prior to issuing a license and this does meet the NCQA National Guidelines
License verification check and on-going license monitoring	Monthly	\$4.00 a-yr	
Board/OIG sanction monitoring	Monthly	\$4.00 a-yr	
Required malpractice insurance verification (specific to The Joint that have to be visualized)	Initial and as-expired	\$12.00 a-yr	
Background check including FACIS Level 3 (For Alias)	Initial	\$15.00 one-Time Fee	This is a one-time fee, per provider per alias check at the initial on-boarding
License verification fees where there are applicable fees which we have to pay to the state eg. OK		TBD as it varies by state	

Exhibit A—Credentialing Application

PRIMARY CLINIC:

Clinic Main Contact and Phone

Clinic Name

Physical Address

Practice Mailing Address

Franchisee Name

Physical Address Phone _____ Fax _____ E-Mail _____

Include:

- ~~Signed W-9~~
- ~~Copy of license of each doctor~~
- ~~Copy of malpractice Certificate of Insurance for each doctor~~

ADDITIONAL CLINIC:

Clinic Name

Physical Address

Clinic Mailing Address:

Franchisee Name

Physical Address Phone _____ Fax _____ E-Mail _____

Include:

- ~~Signed W-9~~
- ~~Copy of license of each doctor~~

- ~~Copy of malpractice Certificate of Insurance for each doctor~~

ADDITIONAL CLINIC:

Clinic Name

Physical Address

Clinic Mailing Address: _____

Franchisee Name

Physical Address Phone _____ Fax _____ E-Mail _____

Include:

- ~~Signed W-9~~
- ~~Copy of license of each doctor~~
- ~~Copy of malpractice Certificate of Insurance for each doctor~~

Credit Card Authorization Form

Please complete all fields. You may cancel this authorization at any time by contacting us. This authorization will remain in effect until cancelled.

Practice Name: _____

Credit Card Information
Card Type: <input type="checkbox"/> MasterCard <input type="checkbox"/> VISA <input type="checkbox"/> Discover <input type="checkbox"/> AMEX <input type="checkbox"/> Other _____
Cardholder Name (as shown on card): _____
Card Number: _____
Expiration Date (mm/yy): _____ CVV: _____
Billing Street Address: _____
Billing City & State: _____
Billing Zip Code: _____

I, _____, authorize ~~National Integrated HealthCare Group LLC~~ to charge my credit card above for agreed upon purchases. I understand that my information will be saved to file for future transactions on my account.

Customer Signature _____

Date _____

The above charge(s) will appear on your statement as NIHC Credentialing

Authorization: I agree that this is a timely charge that will be processed as indicated above (if applicable). I hereby agree and acknowledge that I will not dispute NIHC Group recurring billing with my credit card issuer. I guarantee and warrant that I am the legal cardholder for this credit card, and that I am legally authorized to enter into this recurring billing agreement with NIHC Group. In the event the credit card expires, or any charges are denied, I do hereby agree to provide NIHC Group with a new and valid card within 48 hours of expiration or denial. I further authorize a \$35.00 service charge for denied, cancelled or terminated payments not in accordance with this Agreement.

Recurring Billing: I hereby acknowledge that there will be no advance notice of billing and authorize National Integrated HealthCare Group (NIHC Group) to process recurring payments (if applicable for malpractice renewal verification, license renewal verification etc.).

Exhibit B—Credentialing Requirements

**MOOD® MULTITERRITORY ACCOUNT SERVICE AGREEMENT
EXHIBIT "C" – NEW FRANCHISEE SERVICE AGREEMENT**

By executing this Franchisee Service Agreement below, the undersigned agrees to be bound by the terms and conditions of the Master Service Agreement dated as of _____, 2022 between The Joint Corp., a Delaware corporation ("Subscriber") and/or ("Franchisor") and Muzak, LLC d/b/a Mood Media ("Mood") acting as agent for the Servicing Suppliers listed on Exhibit "A" of the MSA, as such may be amended from time to time (the "Agreement").

FRANCHISEE INFORMATION	
Franchisee's Trade Name: _____ Franchisee's Legal Name: _____	
Contact Name: _____	Phone Number: _____ Email Address: _____
Location Address: _____	<input type="checkbox"/> Additional locations listed on Schedule "1" attached
Billing Address: _____	Billing Contact Email: _____
SERVICES & SERVICE EQUIPMENT (check boxes to make selection)	
<i>For the purposes of this Franchisee Service Agreement, equipment provided by Mood and used in the delivery of the Service shall be referred to as "Service Equipment", and additional/leased system equipment shall be referred to as "Additional System Equipment".</i>	
MUSIC SERVICE (EXCLUDING MOOD MIX SERVICE)	
<input type="checkbox"/> \$25.00 per month - Core Music Programming delivered via a Digital Media Manager ("DMM") device. Monthly updates provided via Ethernet. DMM Service Equipment: Harmony, or substantially similar device <input checked="" type="checkbox"/> Purchase \$99.00 per DMM # of DMM per Serviced Premises: _____	
DIGITAL SIGNAGE SERVICE	
<input type="checkbox"/> \$35.00 per month - Digital Signage Service is delivered via Mood's Service Equipment. Franchisee shall provide the visual content. Additional fees apply in the event Franchisee has Mood create or manage visual content. Service Equipment: <input type="checkbox"/> Harmony, or substantially similar device <input type="checkbox"/> Same device as Music Service # of DMM per Serviced Premises: _____ <input checked="" type="checkbox"/> Purchased	
ADDITIONAL SYSTEM EQUIPMENT PACKAGE	
<input type="checkbox"/> \$977.00 per Package - Franchisee shall purchase the following selected additional system equipment ("Additional System Equipment"): <input type="checkbox"/> Option 1: Three (3) Mood flush mount speakers, 1 TOA 35watt amp, wiring and labor. <input type="checkbox"/> Option 2: Three (3) Mood surface mount speakers, 1 TOA 35watt amp, wiring and labor. <input type="checkbox"/> Option 3: One (1) Mood flush mount and (2) surface mount speakers, 1 TOA 35watt amp, wiring and labor.	
ASSURANCE PLAN	
<i>The Assurance Plans set forth below are further described in Section 5. In the event no Assurance Plan is selected, then the Player Assurance or System Assurance Complete plan (as applicable) shall apply to any leased Service Equipment or leased Additional System Equipment.</i>	
SERVICE EQUIPMENT	<input type="checkbox"/> Player Assurance <input checked="" type="checkbox"/> Player Assurance Plus <input type="checkbox"/> Player Assurance Complete
ADDITIONAL SYSTEM EQUIPMENT	<input checked="" type="checkbox"/> System Assurance Complete – Automatically included with leased Additional System Equipment
TERM	
Franchisee hereby purchases from Mood the specified service(s) (hereinafter "Service") for a period of thirty (30) continuous months (the "Initial Term") from (i) the date of installation of Equipment (if applicable) or (ii) the date of delivery of the Equipment (the "Commencement Date") for the location address above or any additional locations (each a "Serviced Premises") identified in Schedule "1". This Agreement shall extend and renew for further one (1) month periods (each a "Renewal Term") under the same terms and conditions without further notice unless either party gives written notice of its intent to terminate this Agreement not less than ninety (90) or more than two-hundred seventy (270) days before the end of the then-current term. In such event, the termination shall become effective at the expiration of the then-current term.	
*In the event Equipment was previously installed, the Commencement Date shall start from the date this Agreement is fully executed by both parties.	
FEES	
SUMMARY OF PRICING Franchisee agrees to pay as provided in the boxes below for the duration of this Franchisee Service Agreement and any extension thereof, the following monthly charges for each Serviced Premises in advance and any interim payment (equal to 1/30 th of the total monthly payment per day from and including the date of installation of equipment by Mood or date of delivery of the Service Equipment, whichever is later), plus any and all local, state or federal taxes, tariffs and licensing fees which may hereafter be levied or increased from current levels, and are required to be paid by Mood. Time is of the essence with regard to all payments due to Mood. Franchisee is to pay all applicable freight or shipping charges, unless otherwise provided in Section 5.	
TOTAL MONTHLY FEES	ONE-TIME FEES
\$ _____ Monthly Service charge ("MSC") for all Services, Service Equipment (if applicable), and Assurance Plan (if applicable)	\$ _____ Total Service Equipment purchase price
\$ _____ Other:	\$ _____ Total System Equipment purchase price
\$ _____ Total monthly payment ("TMP")	\$ _____ <input type="checkbox"/> installation by Mood OR <input type="checkbox"/> self-install
	\$ _____ TOTAL ONE TIME FEES, Per Location
SPECIAL CONDITIONS:	
INVOICING AND PAYMENT OPTIONS:	
Billing Frequency: Franchisee elects to pay monthly recurring charges in advance of each: <input type="checkbox"/> year <input type="checkbox"/> quarterly or <input type="checkbox"/> month	
Invoice Delivery Options: Franchisee elects: <input type="checkbox"/> Paperless via Online Payment Portal - http://receivables.moodmedia.com <input type="checkbox"/> paper invoice sent by mail	
<input type="checkbox"/> 3 rd Party Portal Management e.g. Service Channel, Ariba. (per location Admin Fee applies) <input type="checkbox"/> Automatic Email in PDF format sent by to: _____	
A \$5.00 service fee will be applied to each payment.	
Payment Options: By checking one of the automatic payment options below, Franchisee hereby authorizes Mood to deduct payments due under this Agreement the first business day of the month.	
<input type="checkbox"/> automatic credit card charge (Visa, MasterCard or Discover) or <input type="checkbox"/> automatic bank draft (EFT-ACH)	
Franchisee agrees to provide ACH or Credit Card information by:	
<input type="checkbox"/> Online entry - http://receivables.moodmedia.com , or <input type="checkbox"/> Secure line phone call. Best time to contact: <input type="checkbox"/> Morning <input type="checkbox"/> Afternoon	

OR

Submit payment to remit address: Remit to address: P.O. Box 71070 Charlotte, NC 28272-1070, or other such address required by Mood from time to time.

The person executing this Franchisee Service Agreement on behalf of Franchisee, by such execution, warrants and represents that he/she has the authority to execute this Franchisee Service Agreement on behalf of Franchisee, and intends to be bound by this Franchisee Service Agreement and the Agreement. Franchisee (including its owners individually) shall indemnify and hold harmless franchisor, its subsidiaries, affiliates, predecessors, successors and assigns, and each of their respective officers, directors and employees, harmless from and against any and all loss, liability, claims, demands or suits (including, without limitation, reasonable attorneys' fees, court and expert costs, and expenses) which arise out of: (i) this Franchisee Service Agreement, the Agreement, or the breach of any of the representations, warranties or agreements made by Franchisee in this Franchisee Service Agreement or the Agreement (including, without limitation, damages caused by any violations by law by Franchisee); (ii) disclosure to an unauthorized party of the Confidential Information; or (iii) the alleged negligence, misconduct, error or omission of Franchisee, its employees, agents, affiliates, assigns, independent contractors, officers, directors or principals. In the event of any conflict between the terms and conditions of this Franchisee Service Agreement and the Agreement, the Agreement controls. Complete terms and conditions of this Franchisee Service Agreement include any and all terms and conditions included in the Service Agreement, which are incorporated herein by reference, and may be reviewed in the Agreement upon request.

Franchisee: _____

Supplier: _____
As Agent for the Servicing Music Suppliers

By: _____

By: _____

Title: _____

Title: _____

Address: _____

Address: _____

SCHEDULE "1" TO SERVICE AGREEMENT

FRANCHISEE'S SERVICED PREMISES

During the Initial Term or any Renewal Term and subject to the terms and conditions of this Agreement, Franchisee may request that the Service be provided at additional Franchisee locations ("Additional Serviced Premises") according to the same terms set forth in this Agreement by providing Mood with prior written or emailed notice listing the address, contact name, and telephone number for such Additional Serviced Premises. In addition, Franchisee agrees that regardless of whether Franchisee provides Mood with such notice, the Additional Serviced Premises shall be deemed added to this Schedule "1" at the time the Franchisee accepts delivery of any equipment or Mood commences installation of any equipment or Service at any Additional Serviced Premises, whichever occurs first.

List of Serviced Premises



Citizens Bank, N.A.
One Citizens Plaza
Providence, RI 02903
Ph.: (888) 211-4057

New Account		Additional Location Main Location MID:		Office #:	
Ownership Change Previous Owner's MID:			Agent Name:		Agent #:
I. BUSINESS INFORMATION (ALL FIELDS IN THIS SECTION ARE MANDATORY)					
Type of Ownership: <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> LLP <input type="checkbox"/> Non-Profit <input type="checkbox"/> Government					
Legal Business Name: (for Sole Proprietorship, enter Principal's name)				DBA:	
Federal Tax ID Number(TIN): (for Sole Proprietorship this may be your SSN)			Web site:		Email:
Important Notice: Failure to provide accurate Legal Business Name, TIN, EIN and/or SSN may result in a withholding of merchant funding per IRS regulations. See section XII 1a-c IRS Reporting - Backup Withholding Certifications.					
CORPORATE ADDRESS AND INFORMATION			PHYSICAL ADDRESS AND INFORMATION <input type="checkbox"/> Same as Corporate Address		
Address:			Address: (No R.O. Box)		
City, State, Zip:			City, State, Zip:		
Phone:		Fax:		Phone:	
Customer Service Phone:		Date Business Started (Mo/Yr):			
Contact Name (First/Last):			Number of Locations:		MCC SIC Code: 8041
BUSINESS TYPE					
<input checked="" type="checkbox"/> Retail <input type="checkbox"/> Restaurant <input type="checkbox"/> Petroleum Pay at Pump <input type="checkbox"/> Charity <input type="checkbox"/> Public Sector <input type="checkbox"/> SIMS/Cable Recurring <input type="checkbox"/> Timeshare <input type="checkbox"/> Retail w/Tip <input type="checkbox"/> Fast Food <input type="checkbox"/> Petroleum Pay Clerk <input type="checkbox"/> Utility <input type="checkbox"/> Passenger Transport <input type="checkbox"/> SIMS/Telecom Recurring <input type="checkbox"/> Cruise Line / Steamships <input type="checkbox"/> Mail/Phone <input type="checkbox"/> Lodging <input type="checkbox"/> Supermarket <input type="checkbox"/> Government <input type="checkbox"/> Insurance Bill Pay <input type="checkbox"/> Airlines/Carriers <input type="checkbox"/> Cash Advance/Banks Only <input type="checkbox"/> Internet <input type="checkbox"/> Convenience <input type="checkbox"/> Car/Truck Rental <input type="checkbox"/> Emerging Market <input type="checkbox"/> Real Estate Bill Pay <input type="checkbox"/>					
Percent of Business (MUST = 100%)			Sales Method (MUST = 100%)		
85 % Card Swiped / EMV		85 % Store Front (Cardholder Present)		% Internet Services (eCommerce)	
% Keyed (Card Present)		15 % Mail / Phone Order		% Other, Specify:	
15 % Keyed (Card Not Present)		List all 3 rd -party agents that have access to cardholder data:			
II. PRODUCT ADVERTISING, SALES, AND DELIVERY - REQUIRED QUESTIONS 1-8 MUST BE ANSWERED FOR ALL MERCHANTS - MOTO/CARD NOT PRESENT QUESTIONS - 1-12 MUST BE ANSWERED					
1. Description of product sold: Chiropractic			7. How do you advertise? <input type="checkbox"/> Catalog <input checked="" type="checkbox"/> TV or Radio <input checked="" type="checkbox"/> Direct Mail/Flyers <input checked="" type="checkbox"/> Internet		
2. Do you currently accept Visa/MC/Discover® Network? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (if yes, attach 3 months statements)			8. Is your business seasonal? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Months _____ to _____		
3. When you receive an authorization, how long before the merchandise is shipped?			9. Who owns product? <input checked="" type="checkbox"/> Merchant <input type="checkbox"/> Vendor (Drop Ship Required)		
4. What is your return, cancellation, or refund policy? <input type="checkbox"/> Refund w/in 7 days <input type="checkbox"/> Refund w/in 30 days <input type="checkbox"/> Exchange Only <input type="checkbox"/> None <input checked="" type="checkbox"/> Other (Specify) See the Joint Merchant Contract			10. Name of fulfillment house, if any: N/A		
5. What percentage of sales transactions are with international cards? _____%			11. List the name(s) and address(es) of vendor(s) from whom the product is purchased:		
6. What percentage of your business is Deposits / Future Services? ____% Percentage Deposit Required: ____% Incremental Payments (Percentages ____%, ____%, ____%, ____%)			12. What is your warranty/guaranty? By Merchant <input type="checkbox"/> By Manufacturer <input type="checkbox"/> Provide description:		
III. ASSOCIATION DISCLOSURE (Visa and Mastercard Member Bank: Citizens Bank, N.A., One Citizens Plaza, Providence, RI 02903 (888) 211-4057)					
Association Disclosure: Merchant Understands and Agrees to the Following Language Regarding Responsibilities: Member Bank Responsibilities: (1) A VISA member is the only entity approved to extended acceptance of VISA products directly to a merchant. (2) A VISA member must be a principal (signer) to the Merchant Agreement. (3) A VISA member is responsible for and must provide settlement funds to the merchant. (4) A VISA member is responsible for all funds held in reserve that are derived from settlement. (5) A VISA member is responsible for educating merchants on pertinent VISA International Operating Regulations with which merchants must comply. Merchant Responsibilities: (1) Ensure compliance with cardholder data security and storage requirements. (2) Maintain fraud and chargebacks below thresholds. (3) Review and understand the terms of the Merchant Agreement. (4) Comply with VISA International Operating Regulations. (You may download "Visa Regulations" from Visa's website at: https://usa.visa.com/support/merchant.html . You may download "Mastercard Regulations" from Mastercard's website at https://www.mastercard.us/en-us/business/overview/support/rules.html). The responsibilities listed above do not supersede the terms of the Merchant Agreement (including the Terms and Conditions that are a part hereof) and are provided to ensure that the merchant understands some of the most important obligations of each party and that the VISA Member is the ultimate authority should the Merchant have any problems.					
Print Name		Title		Signature	
				X	
				Date	

IV. PROCESSING VOLUME (ALL CARD TYPES)

Average Ticket	Maximum High-End Ticket	Monthly Bank Card Volume	Monthly Aves Volume
\$ 50.00	\$ 500.00	\$ 60000	\$ 0000

V. MERCHANT SITE SURVEY (TO BE COMPLETED BY SALES REPRESENTATIVE)

Merchant Location: Store Front Warehouse Other Office Building Website (DOMAIN REQUIRED) Residence

Area Zoned: Commercial Industrial Residential

Permanent Signage? Yes No

Is Business Legitimate? Yes No

Inventory Consistent with Business? Yes No

Business Location: Owned Leased

I hereby certify that I have conducted my review of this merchant to the best of my ability and that, to the best of my knowledge and belief, the information set forth in this Application is true and accurate.

Inspected By (Print name) _____ Signature X _____ Date _____

VI. COMMENTS

VII. OWNERS/OFFICERS (MUST REFLECT OWNERSHIP OF 25% OR MORE)

Ownership: Each individual who directly or indirectly owns 25% or more of equity interest of the within named legal entity.

Owner #	Name	Title	Ownership %	Social Security #	Date of Birth
Owner 1	Residence Address, City, State, Zip				
	Driver's License # / State		Cell Phone Number		Email Address
Owner 2	Residence Address, City, State, Zip				
	Driver's License # / State		Cell Phone Number		Email Address
Owner 3	Residence Address, City, State, Zip				
	Driver's License # / State		Cell Phone Number		Email Address
Owner 4	Residence Address, City, State, Zip				
	Driver's License # / State		Cell Phone Number		Email Address

Controller: Any individual with significant management responsibility (example: CEO, COO, Treasurer, President, VP, etc.)

Name	Title	Ownership %	Social Security #	Date of Birth
Residence Address, City, State, Zip				
Driver's License # / State		Cell Phone Number		Email Address

I hereby certify, to the best of my knowledge, that the information provided above is complete and correct.

Print Name _____ Title _____ Signature X _____ Date _____

VIII. EQUIPMENT INFORMATION

Terminals:

Brand: VeriFone PAX FD Other: _____ Model: _____ Reprogram

Brand: VeriFone PAX FD Other: _____ Model: _____

IP Serial #: _____ Wireless SM #: _____ PIN Pad

Wireless Serial #: _____ Wireless ESN #: _____ Model: _____

Wireless HEX #: _____

Multi-Merchant Main MID: _____ Gateways: Gateway Name: _____ Email Address: _____ POS/Software: POS/Software Name: _____ POS/Software Version: _____

Front-end: Omaha Nashville North Bypass TSYS Back-end: Omaha TSYS

Download: Enable Contactless

If Phone Code Needed For Dial Out, Please Enter Below (i.e. '8', '9', etc.): Dial Code: _____

Terminal Automatic Close: Yes No Time: _____ AM PM

Time Zone: Pacific Mountain Central Eastern

Retail Retail w/Tip Restaurant / Tipline

QSR / Small Ticket MOTO / Full AVS Hotel Check-In/Out

EBT Food/Cash (FNS Certificate Required) EBT Cash Only

Wght Express Voyager

IX. CARD ACCEPTANCE									
Accept all Mastercard, Visa, and Discover, and American Express Transactions (presumed, unless any selections below are checked)									
Mastercard Acceptance:		Visa Acceptance:			Discover Acceptance:		American Express Acceptance:		
<input type="checkbox"/> MC Credit transactions		<input type="checkbox"/> Visa Credit transactions			<input type="checkbox"/> Discover Credit transactions		<input type="checkbox"/> American Express Credit transactions		
<input type="checkbox"/> MC Non-PIN Debit transactions		<input type="checkbox"/> Visa Non-PIN Debit transactions			<input type="checkbox"/> Discover Non-PIN Debit transactions		<input type="checkbox"/> American Express Opt Out		
See Paragraph 1.5 for details regarding limited acceptance.									
X. RATES & FEES (FOR VISA, MASTERCARD, DISCOVER AND AMERICAN EXPRESS UNLESS OTHERWISE NOTED)									
Pricing Structure (Vis, MC, Disc)	<input checked="" type="checkbox"/> Interchange Plus (Plus Dues and Assessments)	Discount	Rate	Non-Qualified Surcharge	<input type="checkbox"/> Tiered Pricing	Discount	Qualified	Mid-Qualified	Non-Qualified
	<input type="checkbox"/> Flat Rate Fee	Credit	0.40 %	+ %	<input type="checkbox"/> ERR Pricing	Credit	%	+ % + \$ 0.00	+ % + \$ 0.00
		Debit	0.40 %	+ %		Debit	%	+ % + \$ 0.00	+ % + \$ 0.00
						Plus Dues and Assessments	ERR Rate	Credit	Debit
							ERR Rate	%	%
Transaction Fee (includes returns):		\$ 0.10 (per transaction)		American Express OptBlue		Qualified	Mid-Qualified	Non-Qualified	
Other Item Fee – Credit:		\$		Pricing Structure:		0.40 %	+ % + \$ 0.00	+ % + \$ 0.00	
Other Item Fee – Signature Debit:		\$		<input checked="" type="checkbox"/> Cost Plus Pricing		ERR Rate:	%	<input checked="" type="checkbox"/> Opt out of American Express Card Marketing Materials	
Other Discount Rate – Credit:		%		<input type="checkbox"/> Tiered Pricing		Transaction Fee:	\$ 0.10		
Other Discount Rate – Signature Debit:		%		<input type="checkbox"/> ERR Pricing		Card Network Fees:	Pass Through		
Discover Direct		Transaction Fee:		<input type="checkbox"/> Flat Rate Fee		System Processing Fee:		0.00 %	
Discover Direct #:		\$ (per transaction)		American Express Direct		Amex Direct SE #:		Transaction Fee: \$ (per transaction)	
Address Verification Fee:	\$ 0.06 (per loading)	ADH Reject Fee:	\$ 35.00 (each)	<input type="checkbox"/> EBT Cash	<input type="checkbox"/> EBT Food Stamp				
Voice Authorization Fee:	\$ 0.85 (per loading)	ACH Change Fee:	\$ 10.00 (each)	FNS #:		Per Trans \$			
Batch Header Fee:	\$ 0.07 (per batch)	Security Research Fee (Divert):	\$ 25.00 (per month)	Wright Express Rate:		3.5 % + \$ (per transaction)			
Touch Tone Transaction Fee:	\$ 1.75 (per loading)	Online Access Fee:	\$ (per month)	Voyager Rate:		3.5 % + \$ (per transaction)			
Monthly Minimum Discount Fee:	\$ 0.00	Regulatory Product Fee:	\$ (per month)	Annual Fee:		\$ 35.00			
Monthly Service Fee:	\$ 99.00	Invalid TIN / Mismatch Fee:	\$ (per month)	MasterCard Location Fee:		\$ 1.25 (per month)			
Chargeback Fee:	\$ 25.00 (each)	PCI Protection Plan:	\$ 0.00 (per month)						
Retrieval Fee:	\$ 10.00 (each)	PCI Compliance Non-Validation Fee:	\$ 16.95 (per month)						
Initial One Time Setup Fee:	\$	Interchange Clearing Fee:	0.00 %						
<input checked="" type="checkbox"/> Gateway	Monthly Fee: \$ 49.00	+ Update Card Fee:	\$ 7.50	Gateway Setup Fee:	\$ 50.00				
<input type="checkbox"/> PIN Based Debit	Discount Rate: %	+ Transaction Fee:	\$	Monthly PIN Debit Access Fee:	\$ (Plen pass through network fees)				
<input type="checkbox"/> Wireless	Monthly Fee: \$	+ Transaction Fee:	\$	Wireless Setup Fee:	\$				
In addition, the Card Brands (Visa, Mastercard, American Express, Discover, Etc.) may charge various additional fees under certain circumstances, which are referred to as "pass through fees" because, if charged, are passed through by us to the Merchant. Pass through fees may include, by way of example only, verification fees, authorization fees, international transaction fees, return fees, and data usage fees, among others.									
XI. BANKING INFORMATION									
Banking Information for Deposits:					Banking Information for Withdrawals: <input type="checkbox"/> Same as Bank Account #1				
Bank Account #1 (DDA): (attach copy of voided check)					Bank Account #2 (DDA): (attach copy of voided check)				
Bank Routing #1 (ABA):					Bank Routing #2 (ABA):				
Bank Name:					Bank Name:				
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> General Ledger					<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> General Ledger				
Discount Method: <input type="checkbox"/> Daily <input checked="" type="checkbox"/> Monthly					Deposit Time Frame: <input type="checkbox"/> Standard (1 Day Hold) <input checked="" type="checkbox"/> Alternate Funding (Subject to approval)				
					<input type="checkbox"/> Same Day Funding (Subject to approval) (Separate addendum required)				

XII. MERCHANT ACCEPTANCE – IRS REPORTING – CORPORATE RESOLUTION – ASSOCIATION DISCLOSURE – AMERICAN EXPRESS MERCHANT ACCEPTANCE

BY SIGNING BELOW, MERCHANT AGREES TO ALL OF THE FOLLOWING AND CERTIFIES UNDER THE PENALTIES OF PERJURY THAT THE STATEMENTS BELOW ARE TRUE AND ACCURATE:

1. IRS Reporting – Backup Withholding Certifications

- a. **TAXPAYER I.D. NUMBER.** The Tax Payer Identification Number as shown above (TIN) is my correct taxpayer identification number.
- b. **BACKUP WITHHOLDING.** I am not subject to backup withholding, either because I have not been notified that I am subject to withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.
- c. **The above named payee** is a U.S. citizen or other U.S. person (including, a partnership, corporation, company or association created or organized in the United States or under the laws of the United States).

2. Merchant Payment Card Agreement Acceptance:

Each person signing below certifies that all information provided in this application is true, correct, and complete, and each person agrees to be bound by all provisions set forth in this document, including, but not limited to the **Terms and Conditions**, which is hereby incorporated by reference for all purposes [**Terms and Conditions** can be obtained by visiting https://www.paysafe.com/merchant/content/agreements/Paysafe_Citizen_T_Cx_0622.pdf]. Each person authorizes the Bank or any credit reporting agency employed by the Bank or any agent of the Bank, to make whatever inquiries the Bank deems appropriate to investigate, verify or research references, statements or data obtained from the Merchant for the purpose of this application. An additional copy of the **Terms and Conditions** will be sent to the business entity indicated above along with the welcome letter upon approval of such business entity to accept payment cards by Citizens Bank, N.A. Pursuant to Section 8.1 of the **Terms and Conditions**, the initial term is for a length of three (3) years and the Merchant Agreement will automatically renew for additional three (3) year periods, unless terminated by any party upon written notice at least thirty (30) days prior to the end of the then existing term. **In the event MERCHANT terminates this Agreement prior to the maturity date of the initial term, MERCHANT SHALL be liable to SERVICE PROVIDERS for an early termination fee equal to (i) \$355.00 per location if terminated before completion of the first year of the term; or (ii) \$250.00 per location if terminated after completion of the first year of the term but prior to the end of the third year of the term ("Early Termination Fee").** For detailed information related to the termination rights and obligations set forth in this Merchant Agreement, see Sections 2.14, 2.15, 2.17, 2.24, 2.27, 2.30, 2.34, 7.2, 7.3, Section 8 in its entirety 9.3.2 and 10.16, of the **Terms and Conditions**, which are a part of this Merchant Agreement.

3. Merchant Acknowledgements and Consents:

- MERCHANT and each individual person signing below acknowledges and consents as follows:
 - a. The **Terms and Conditions**, which can be obtained at https://www.paysafe.com/merchant/content/agreements/Paysafe_Citizen_T_Cx_0622.pdf, together with this Merchant Payment Card Application, constitute the AGREEMENT among the parties. MERCHANT is responsible for reading and understanding the **Terms and Conditions** and agrees to be bound by all of their terms.
 - b. MERCHANT may be enrolled in Additional Services as defined and described in the **Terms and Conditions**, for which applicable fees will be incurred. MERCHANT acknowledges and agrees that Additional Services are subject to the Merchant Agreement, including the **Terms and Conditions** and documents referenced therein. The provisions of the Merchant Agreement regarding Additional Services constitute an agreement solely between MERCHANT and PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC, a Delaware limited liability company ("COMPANY"). MERCHANT specifically authorizes COMPANY and its affiliates to collect fees and other charges applicable to Additional Services from MERCHANT'S ACH Account (as described below) in accordance with their respective fee schedules as amended from time to time by COMPANY pursuant to the ACH Account. The undersigned agrees that the signature page of this Application shall also serve as the signature for the Merchant Agreement as applicable to Additional Services, including fees and charges. MERCHANT may cancel Additional Services and avoid further fees for such Additional Services by following the procedures explained in the applicable notice for Additional Services.
 - c. MERCHANT acknowledges and agrees that COMPANY and its affiliates and their third party subcontractors and/or agents may use automatic telephone dialing systems to contact MERCHANT at the telephone number(s) MERCHANT has provided in this Application, or as may be updated by MERCHANT from time to time, and/or may leave a detailed voice message in the event that MERCHANT is unable to be reached, even if the number provided is a cellular or wireless number or if MERCHANT has previously registered on a Do Not Call list or requested not to be contacted for solicitation purposes. MERCHANT hereby consents to receiving commercial electronic messages (including but not limited to text messages) from COMPANY and its affiliates and their third party subcontractors and/or agents from time to time. MERCHANT may withdraw its consent to receive automated calls and/or commercial electronic messages by calling toll free 866-327-0883.

TO MERCHANT: A fully countersigned copy of this Merchant Agreement shall be made available to MERCHANT upon request. However, MERCHANT and the undersigned hereby acknowledge and agree that submission of an Application does not constitute approval and that this Merchant Agreement, whether or not signed by COMPANY or SERVICE PROVIDERS, will become fully effective and shall be fully binding upon the parties hereto upon SERVICE PROVIDERS assignment and issuance of a Merchant Account Number to MERCHANT.

4. Resolution:

FOR ALL MERCHANTS WHO ARE LLCs, PARTNERSHIPS AND/OR CORPORATIONS – RESOLUTION - The indicated office/partner identified signing below has the authorization to execute the Merchant Payment Card Agreement with Paysafe Payment Processing Solutions, LLC on behalf of the herein named LLC, partnership or corporation.

MERCHANT AGREES TO ITEMS 1-4 ABOVE BY SIGNING HERE:

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Print Authorized Signer #1 Name	Title	Authorized Signer #1 Signature	Date
		X	
Print Authorized Signer #2 Name	Title	Authorized Signer #2 Signature	Date
		X	
Print Authorized Signer #3 Name	Title	Authorized Signer #3 Signature	Date
		X	
Print Authorized Signer #4 Name	Title	Authorized Signer #4 Signature	Date
		X	
Print Authorized Signer #5 Name	Title	Authorized Signer #5 Signature	Date
		X	

XIII. PERSONAL GUARANTEE

Personal Guaranty: The undersigned Guarantor(s) hereby, individually, agree to the terms set forth in section 2.36 of this Merchant Agreement. The undersigned Guarantor further agree to pay to the SERVICE PROVIDERS all expenses (including attorney fees and court costs) paid or incurred by the SERVICE PROVIDERS in collecting such obligations and in enforcing this Guaranty.

Guarantor #1 Name	Guarantor #1 Signature	Date
	X	
Guarantor #2 Name	Guarantor #2 Signature	Date
	X	

XIV. COMPANY ACCEPTANCE – INTERNAL USE ONLY PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC AUTHORIZED REPRESENTATIVE

Paysafe Payment Processing Solutions, LLC Representative Signature:	Date
X	

MERCHANT PAYMENT CARD APPLICATION - TERMS & CONDITIONS

This AGREEMENT is made by and among CITIZENS BANK, N.A., a national banking association ("BANK"), and PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC, a Delaware corporation ("Paysafe", and together with BANK, the "SERVICE PROVIDERS"), on the one hand, and the undersigned, "MERCHANT", on the other hand and is subject to the approval of SERVICE PROVIDERS. The parties hereto agree as follows:

1.0 AGREEMENT

- 1.1 This document, as well as other documents executed by MERCHANT, pursuant to the acceptance of SERVICE PROVIDERS, shall be incorporated herein and made a part hereof and shall constitute the entire agreement between SERVICE PROVIDERS and MERCHANT.
- 1.2 MERCHANT agrees that throughout the term of this Agreement, it will not use the services of any bank, corporation, entity or any person other than SERVICE PROVIDERS for the processing of payment card transactions with the following exception:
- 1.3 MERCHANT may designate a third party that does not have a direct agreement with SERVICE PROVIDERS as its agent for the direct delivery of data-captured Visa transactions to VisaNet for clearing and settlement. MERCHANT must:
- Advise SERVICE PROVIDERS that it will use a third party agent.
 - Agree that SERVICE PROVIDERS must reimburse MERCHANT only for the amount of Visa transactions delivered by SERVICE PROVIDERS to VisaNet, less the appropriate discount fee.
 - Assume responsibility for any failure by its agent to comply with the Visa International Operating Regulations, including but not limited to, any violation resulting in a chargeback.
- 1.4 MERCHANT acknowledges that SERVICE PROVIDERS may provide financial transaction processing hereunder through contracts or subcontracts with third parties engaged in the business of transaction processing and authorization.
- 1.5 SERVICE PROVIDERS hereby notifies MERCHANT that the following options are available hereunder: (i) MERCHANT may elect to accept ONLY consumer credit and commercial cards; (ii) MERCHANT may elect to accept ONLY consumer debit cards; OR (iii) MERCHANT may elect to accept consumer credit and commercial cards and consumer debit cards.

2.0 Rights, Duties, and Responsibilities of Merchant

- 2.1 MERCHANT shall honor all cards provided:
- The card is valid and is presented to MERCHANT at the time of the sale by the authorized cardholder or an authorized user of the card account. A card is valid only if it is presented on or after the valid date, if any, and before the expiration date shown on its face.
 - The card is used as payment for products which are sold or rendered by MERCHANT under this Agreement.
 - The MERCHANT has followed procedures as established by SERVICE PROVIDERS for completion of sales drafts.
- 2.2 MERCHANT agrees to complete sales drafts in conformity with the terms of this Agreement, American Express Rules and Regulations, the Visa and MasterCard ("Card Association") Rules and Regulations, Discover® Network Operating Regulations, and additionally must comply with the following:
- For transactions that are not mail, phone orders or internet orders, unless electronically swept, the imprint of the card, including the name of the cardholder, the cardholder account number and the card's expiration date;
 - MERCHANT is not authorized to accept mail or phone order transactions unless specifically authorized by SERVICE PROVIDERS and that acceptance of such transactions without written authorization from SERVICE PROVIDERS will constitute a breach of the Agreement. If MERCHANT is authorized to accept mail or phone order transactions, the name of the cardholder, the cardholder account number and the expiration date;
 - The signature of the cardholder or authorized card user. In the case of mail or phone orders, the letters MO or TO, as the case may be, shall be clearly indicated on the sales draft;
 - The date of the sale;
 - A short description of the products sold or rendered;
 - The total cash price of the sale or the words "deposit" or "balance" if full payment is to be made in this manner at different times on different sales drafts; and
 - The city and state wherein such transaction occurred.
 - Type of fuel sold and odometer reading (if permitted by POS device) in the case of fleet card transactions.
 - MERCHANT shall deliver a completed copy of the sales draft to the cardholder.
- 2.3 MERCHANT'S policy for the exchange or return of goods sold and the adjustment for services rendered shall be (i) established and posted in accordance with operating regulations of the applicable Card Associations, or American Express' Rules and Regulations, and/or Discover Network Operating Regulations; (ii) such refund policy shall not treat any payment card more favorably than any other payment card; and (iii) MERCHANT agrees to disclose, if applicable, to a cardholder before a card sale is made, that if merchandise is returned:
- No refund, or less than full refund, will be given;
 - Returned merchandise will only be exchanged for similar merchandise of comparable value;
 - Only a credit toward purchases will be given; or
 - Special conditions or circumstances apply to the sale (e.g., late delivery, delivery charges, or other noncredit terms).
- If MERCHANT does not make these disclosures, a full refund in the form of a credit to the cardholder's card account must be given. MERCHANT shall under no circumstances issue cash for returns of products when products were originally purchased in a card transaction. Disclosures must be made on all copies of sales drafts or invoices in letters approximately 1/4 inch high in close proximity to the space provided for the cardholder's signature or on an invoice issued at the time of the sale or on an invoice being presented for the cardholder's signature. SERVICE PROVIDERS will not reimburse the MERCHANT for interchange, dues, fees and assessments on returns and refunds. SERVICE PROVIDERS will bill MERCHANT on gross processing volume.
- 2.4 MERCHANT may not process for payment any transaction(s) representing the refinancing of an existing obligation of a cardholder including, but not limited to, obligations (i) previously owed to MERCHANT, (ii) arising from the dishonor of a cardholder's personal check, and/or (iii) representing the collection of any other pre-existing indebtedness.
- 2.5 MERCHANT must not disclose a cardholder account number, personal information, or other transaction information to third parties other than to MERCHANT'S agent, SERVICE PROVIDERS, or SERVICE PROVIDERS' agent for the sole purpose of assisting MERCHANT in completing the transaction or as required by law. MERCHANT must store all material containing cardholder account numbers or imprints in an area limited to selected personnel and render all data unreadable prior to discarding. MERCHANT must not retain or store magnetic-stripe data verification data subsequent to authorization of a transaction.
- 2.6 MERCHANT agrees it will not require, unless specifically allowed by law, any cardholder to pay any part of any discount or charge imposed upon MERCHANT by this Agreement, whether through any increase in price or otherwise. Further, unless specifically allowed by law MERCHANT will not require a customer presenting a card for payment to pay any charge not also required from a person paying cash. These terms shall not, however, be construed as prohibiting discounts to customers for payments in cash.

- 2.7 MERCHANT agrees to obtain an authorization on all transactions. Any transaction which cannot be authorized electronically through a terminal is subject to a voice authorization charge. MERCHANT will obtain an authorization prior to completing a keyed transaction. Any transaction which is not properly authorized is made with full recourse and may be charged back to MERCHANT; furthermore, any keyed transaction will be subject to additional charges for a non-qualifying transaction. MERCHANT understands that an authorization does not constitute a guarantee of payment, only available credit and may be subject to dispute or chargeback. By signing this Agreement, Merchant agrees that the use of a "store & forward" terminal means that Merchant has the ability to store a disputed transaction at the terminal level when there is no phone line available. When a phone line becomes available, Merchant would then upload the transaction for a possible approval. Merchant understands and agrees that if Merchant uses this type of terminal, there is no guaranty whatsoever that once the transactions are uploaded Merchant will receive an approval. If Merchant allows the release of merchandise/service to the cardholder before receiving approval, Merchant agrees that this is to be done at Merchant's sole risk.
- 2.8 MERCHANT shall not complete any card sale for which an authorization has been declined. Any unauthorized card transaction is made with full recourse to MERCHANT, and SERVICE PROVIDERS may charge back the amount of such card sale to MERCHANT.
- 2.9 MERCHANT acknowledges that SERVICE PROVIDERS shall have full recourse to charge back the amount of a card sale for which (i) the imprint of the card is not obtained or (ii) the signature of the cardholder is not obtained and the cardholder disputes that he/she authorized the charge.
- 2.10 MERCHANT agrees to electronically deposit sales drafts and credit vouchers no later than the business day following the transaction date.
- 2.11 (a) MERCHANT shall, at all times, maintain an account at a bank that is a member of the Federal Reserve ACH System ("the Account"). All credits for collected funds and debits for fees, payments and chargebacks under the terms of this Agreement shall be made to the Account. MERCHANT may not close or change the Account without written notice to SERVICE PROVIDERS. MERCHANT will be solely liable for all fees and costs associated with the Account and for all overdrafts. MERCHANT will maintain sufficient funds in the Account to accommodate all transactions, including fees, contemplated by this Agreement.
- (b) MERCHANT shall promptly upon receipt, examine, balance, and reconcile all statements relating to the Account. Additionally, MERCHANT shall daily balance and reconcile all DAILY deposit and debit totals to confirm accuracy. MERCHANT is required to notify SERVICE PROVIDERS IN WRITING of any and all errors on MERCHANT'S statements and/or DAILY totals. Each such written notice shall contain the following information: (i) MERCHANT name and account number, (ii) the specific dollar amount of the asserted error, (iii) a detailed description of the asserted error, and (iv) a detailed explanation of why MERCHANT believes an error exists and the cause of the error, if known. The written notice MUST BE RECEIVED by SERVICE PROVIDERS within ninety (90) days after MERCHANT receives the statement (regarding an asserted error on a statement) or within ninety (90) days from the date the alleged error on a DAILY total was made. **FAILURE TO TIMELY SEND THE NOTICE REFERRED TO HEREIN CONSTITUTES A WAIVER OF ANY AND ALL RIGHTS MERCHANT MAY HAVE AGAINST SERVICE PROVIDERS RELATED TO THE ASSERTED ERROR.**
- (c) MERCHANT agrees to fees for maintenance activities including but not limited to Account charges and returned mail as disclosed in the Rates and Fees section of the Agreement.
- 2.12 MERCHANT assumes the responsibility for storage of all sales drafts and credit vouchers. Failure to provide SERVICE PROVIDERS with requested documentation within five (5) business days after receipt of such request may result in the transaction being charged back to MERCHANT, and SERVICE PROVIDERS shall have the right to debit the Account for full amount of the transaction in question.
- 2.13 MERCHANT shall pay any fees charged to MERCHANT by the telephone company for the preparation of the site(s) prior to installation of electronic data capture terminals and/or peripheral equipment.
- 2.14 MERCHANT shall not deposit any transaction for the purpose of obtaining or providing a cash advance. MERCHANT agrees that any such deposit shall be grounds for immediate termination.
- 2.15 MERCHANT must notify SERVICE PROVIDERS in writing of any changes to the information in this Application, including but not limited to:
- Transfer or sale of any substantial part of its total assets, or liquidate;
 - Change the basic nature of its business, including selling any products or services not related to its current business;
 - Change ownership or transfer control of its business; or
 - Enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in MERCHANT'S business.
- The notice must be received by SERVICE PROVIDERS within ten (10) business days of the change. MERCHANT will provide updated information to SERVICE PROVIDERS within a reasonable time upon request. Failure to provide notice as required above may be deemed a material breach and shall be sufficient grounds for immediate termination of MERCHANT. In the event any of the changes listed above should occur, SERVICE PROVIDERS shall have the option to renegotiate the terms of this Agreement or provide thirty (30) days' notice of termination. MERCHANT is liable to SERVICE PROVIDERS for all losses and expenses incurred by SERVICE PROVIDERS arising out of a failure to report changes to SERVICE PROVIDERS.
- 2.16 MERCHANT is liable for repayment to SERVICE PROVIDERS for all valid chargebacks. SERVICE PROVIDERS will comply with American Express' Operating Regulations, Card Associations' prevailing Rules and Regulations, and/or Discover Network Operating Regulations in processing any chargebacks which result from cardholder disputes. However, all disputes which are not or cannot be resolved through established chargeback procedures shall be settled between MERCHANT and the cardholder, and MERCHANT will indemnify SERVICE PROVIDERS and will provide reimbursement for all expenses, including reasonable attorney's costs, which it may incur as the result of any cardholder claim which is pursued outside the American Express', or Card Association's Rules and Regulations, and/or Discover Network Operating Regulations. In the event of a chargeback loss to SERVICE PROVIDERS, MERCHANT hereby transfers and assigns to SERVICE PROVIDERS any lien rights that it has or may have on the merchandise sold to the cardholder. Additionally, MERCHANT is prohibited against billing or collecting from any cardholder for any purchase or payment on a payment card unless a chargeback has been initiated, MERCHANT has fully paid for the chargeback, and it has the right to collect on such chargeback.
- 2.17 MERCHANT shall not accept or deposit any fraudulent transactions and may not under any circumstances present for processing or credit, directly or indirectly, a transaction which originated with any other merchant or any other source. MERCHANT shall be prohibited from making a deposit of a credit transaction without a preceding debit. MERCHANT shall not, under any circumstances, deposit telemarketing transactions under this Agreement unless authorized by SERVICE PROVIDERS in advance of processing any telemarketing transactions. If MERCHANT deposits any such transaction, MERCHANT may be immediately terminated and SERVICE PROVIDERS may hold funds and/or demand an escrow pursuant to Sections 4 and 8; further, MERCHANT may be subject to VISA, MasterCard, and Discover Network reporting requirements set forth in Section 8.8.
- 2.18 MERCHANT will not deposit duplicate transactions. MERCHANT shall be debited for any adjustments for duplicate transactions and shall be liable for any chargebacks which may result therefrom. Merchant will be liable for any fees assessed by the Card Associations' Rules and Regulations, American Express Operating Regulations, and/or Discover Network Operating Regulations to the SERVICE PROVIDERS.
- 2.19 MERCHANT shall not initiate a sales transaction in an attempt to collect a chargeback.
- 2.20 Discount/Fee Schedule:
- (a) MERCHANT'S Account will be debited daily and/or monthly, through ACH for amounts set forth in the pricing schedule which is part of this Agreement, and

for any other fees or charges incurred by MERCHANT and associated with processing services. MERCHANT is obligated to pay all taxes and other charges imposed by any governmental authority on the services provided under this Agreement. SERVICE PROVIDERS reserves the right, in its sole discretion, to change, amend, add, or adjust any discount rates or fees set forth herein, in accordance with Section 10.6 of this Agreement.

(b) The "Qualified Retail Discount Rate" will be charged on all magnetic stripe or chip read ("swiped") customer present retail payment card transactions that are electronically authorized, closed in a daily batch, and where the customer's signature is obtained. Additionally, for the Qualified Discount Rate to apply, payment cards have to be either U.S. bank issued consumer credit card (including rewards cards) or payment cards that have to be signature debit cards or prepaid debit cards issued by a "Regulated U.S. Bank" ("Regulated U.S. Bank", meaning any issuer that together with its affiliates, has assets equal to or greater than ten billion (\$10,000,000,000); "Non-Regulated U.S. Bank", meaning any issuer that together with its affiliates has assets less than ten billion (\$10,000,000,000)). The "Mid-Qualified Retail Discount Rate" will be charged on all manually keyed or electronic commerce transactions, that have address verification (also known as "AVS" and is available only for Visa cards), and closed in a daily batch, or any traditional rewards card, signature debit card or prepaid debit card issued by a Non-Regulated U.S. Bank that would otherwise qualify for the Qualified Retail Discount Rate. The "Non-Qualified Retail Discount Rate" will be charged on all commercial, commercial rewards, international issued, or signature rewards card transactions, which include but are not limited to Visa Signature and Signature Preferred, Mastercard World Elite and High Value, Discover Premier and Premier Plus. All other transactions that do not meet the criteria for Qualified Retail Discount Rate or Mid-Qualified Retail Discount Rate will be downgraded to the Non-Qualified Retail Discount Rate.

(c) The Enhanced Recover Reduced ("ERR") pricing will be charged if selected in the Rates and Fees section of this Agreement. Under ERR pricing only, any transaction that does not meet the criteria for the Qualified Retail Discount Rate will be charged the sum of the following: (i) Qualified Retail Discount Rate, (ii) the Non-Qualified Retail Discount Rate and fees, and (iii) the difference between the actual interchange cost as assessed by the Card Associations and the interchange cost assessed on a transaction that qualifies for a Qualified Retail Discount Rate.

(d) Increase in long-distance communications costs and processing charges from third-party vendors may be reflected in increased discount rates.

(e) MERCHANT'S pricing is partially based upon the annual volume, average ticket and method of doing business stated in this MERCHANT Application. If the actual volume and average ticket are not as warranted or if MERCHANT significantly alters its method of doing business, SERVICE PROVIDERS may adjust MERCHANT'S discount and/or transaction fees without prior notice. Merchants using AVS (Address Verification System) will be charged for each address verification request. This is in addition to the transaction fee. In the event of multiple locations, each location shall be considered to have a separate MERCHANT PAYMENT CARD AGREEMENT for all fee purposes. For the purposes of charging Transaction Fees under this Agreement, "transaction" is defined as any action by a merchant that results in activity to a cardholder or merchant account, including authorizations, batch closings, sales, or returns.

2.21 MERCHANT understands that there shall be fees, chargebacks, assessments, and/or amounts which shall arise as a result of the Agreement, both during and after termination of the Agreement. MERCHANT authorizes SERVICE PROVIDERS to debit via ACH from any account held by MERCHANT at any financial institution in the amount of any amount owed by MERCHANT under this Agreement, including but not limited to any amounts owed for fees, chargebacks and or assessments which shall arise after termination of this Agreement. This ACH authorization will remain in effect after termination of this Agreement or until SERVICE PROVIDERS has received written notice terminating this authorization. MERCHANT will indemnify and hold SERVICE PROVIDERS harmless for any action they take pursuant to this Section. MERCHANT will also indemnify and hold harmless any other financial institution for acting in accordance with any instructions from SERVICE PROVIDERS pursuant to this Section.

2.22 MERCHANT will be assessed a fee for each return ACH debit as disclosed in the Rates and Fees section of the Agreement.

2.23 MERCHANT will be assessed a merchant investigation fee for suspicious activity and/or Agreement deviations up to a maximum of ten percent (10%) of the dollar amount investigated.

2.24 A dorm fee, as disclosed in the Rates and Fees section of the Agreement, will be charged per month for a special account maintained at SERVICE PROVIDERS to house diverted funds for MERCHANT.

2.25 MERCHANT agrees that Excessive Activity during any monthly period will be a breach of this Agreement and cause of immediate termination. Excessive

Activity includes (i) chargebacks in excess of one percent (1%) of the sales transactions processed, (ii) sales activity that exceeds by 25% the dollar volume indicated on the Application, (iii) the dollar amount of returns exceeds 20% of the average monthly dollar amount of MERCHANT'S card transactions, (iv) other ratios required by VISA, Mastercard, Discover Network, or SERVICE PROVIDERS. SERVICE PROVIDERS will provide MERCHANT with any information possessed by SERVICE PROVIDERS which may enable MERCHANT to recover from others the amount of any sale charged back to MERCHANT. MERCHANT understands that the SERVICE PROVIDERS will assess a fee per chargeback per presentation and a fee for each retrieval and each representation request.

2.26 Any transaction that has not received an authorization, or that is deposited (assumed) more than two (2), but not greater than thirty (30), business days following the transaction date, or that is made with a foreign card will be subject to a non-qualified increase. NOTE: Days allowed for settlements are calculated by excluding the transaction date, Sundays and holidays, and including the processing (settlement) date.

2.27 MERCHANT will use its reasonable, best efforts to recover any card (i) on VISA cards, if the printed four digits above the embossed account number do not match the first four digits of the embossed account number, (ii) if MERCHANT is advised by SERVICE PROVIDERS (or its designee), the issuer of the card or the designated voice authorization center to retain it, (iii) if MERCHANT has reasonable grounds to believe the card is counterfeit, fraudulent or stolen, or not authorized by the cardholder, (iv) on Discover Network cards, if the printed four digits on the signature panel do not match the last four digits of the embossed account number, or if the card does not have the Discover Network acceptance mark in the lower right corner on both sides of the card, or (v) for Mastercard, the embossed account number, indent printed account number and/or encoded account number do not agree, or the card does not have a Mastercard hologram on the lower right corner of the card face.

2.28 ELECTRONIC COMMERCE

(a) MERCHANT may process electronic commerce ("EC") transactions only if it has so indicated in this Agreement and only if MERCHANT has obtained SERVICE PROVIDERS' consent, and only if the transactions have been encrypted by a third-party vendor acceptable to SERVICE PROVIDERS. If MERCHANT submits EC transactions without SERVICE PROVIDERS' consent, SERVICE PROVIDERS may immediately terminate this Agreement. All transactions must comply with data security requirements as described in the Data Security Section of the Merchant Payment Card Application. MERCHANT understands that transactions processed via EC are high risk and subject to a higher incidence of chargebacks. MERCHANT is liable for all chargebacks and losses related to EC transactions, whether or not: (i) EC transactions have been encrypted; and (ii) MERCHANT has obtained SERVICE PROVIDERS' consent to engage in such transactions. Encryption is not a guarantee of payment and will not waive any provision of this Agreement or otherwise validate a fraudulent transaction. All communication costs related to EC transactions are MERCHANT'S responsibility. MERCHANT understands that SERVICE PROVIDERS will not manage the EC telecommunications link and that it is MERCHANT'S responsibility to manage that link. All EC transactions will be settled by SERVICE PROVIDERS into a depository institution in the United States in U.S. currency.

(b) Whereas, MERCHANT desires to honor at its business location(s) Card Numbers presented in connection with the Mail/Telephone/Internet sale of products/services to customers the parties hereto agree to the following: (i) MERCHANT agrees to use and retain proof of a traceable delivery system as means of shipment of product to customer. (ii) MERCHANT agrees that transactions will not be processed until products are shipped to the cardholder. For goods to be shipped on EC

MERCHANT PAYMENT CARD APPLICATION/AGREEMENT

- transactions, MERCHANT may obtain authorization up to seven (7) calendar days prior to shipment date. MERCHANT need not obtain a second authorization if the sales draft amount is within fifteen percent (15%) of the authorized amount, provided that the additional amount represents shipping costs. Further, MERCHANT'S website must contain all of the following information: i) complete description of the goods or services offered, ii) returned merchandise and refund policy, iii) customer service contact, including electronic mail address and/or telephone number, iv) transaction currency (such as U.S. or Canadian dollars), v) export or legal restrictions, if known, and vi) delivery policy.
- (c) MERCHANTS engaging in EC agree to provide a detailed business description to SERVICE PROVIDERS.
- 2.29 MERCHANT warrants and agrees that MERCHANT shall fully comply with all federal, state, and local laws, rules and regulations, as amended from time to time, including the Federal Truth-in-Lending Act, Regulation II, and Regulation Z of the Board of Governors of the Federal Reserve System.
- 2.30 This Agreement shall be effective only upon acceptance by SERVICE PROVIDERS.
- 2.31 MERCHANT agrees to pay, in addition to any and all other fees referred to herein, a non-refundable annual customer service fee per year per location. This fee shall be generated and charged any time within one year from the date of this Agreement. The actual date of the initial charge (within said first year) shall be at the sole discretion of SERVICE PROVIDERS. The fee shall be debited from the Account for the initial year and on the anniversary date (of the initial charge) for each year thereafter that the Account is in force. In the event this Agreement is terminated, for any reason, no portion of a charged annual customer service fee shall be rebated to MERCHANT.
- 2.32 MERCHANT agrees that in the event MERCHANT fails to pay SERVICE PROVIDERS on a chargeback loss, MERCHANT hereby assigns any rights it may have against the cardholder (related to said chargeback loss) to SERVICE PROVIDERS.
- 2.33 MERCHANT must not deposit a transaction receipt until it does one of the following:
- (a) Completes the transaction,
 - (b) Ships or provides the goods, except as specified in the Delayed Delivery Transactions section of the Visa International Operating Regulations,
 - (c) Performs the purchase service, or obtains the cardholder's consent for a recurring transaction.
- 2.34 MERCHANT will not present any sales draft or other memorandum to SERVICE PROVIDERS for processing (whether by electronic means or otherwise) which relate to the sale of goods or services for future delivery without SERVICE PROVIDERS' prior written authorization. If SERVICE PROVIDERS has previously given such consent, MERCHANT represents and warrants to SERVICE PROVIDERS that you will not rely on any proceeds or credit resulting from such transactions to purchase or furnish goods or services. MERCHANT will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or proceeds resulting from sales drafts or other memoranda taken in connection with future delivery transactions.
- 2.35 All disputes between MERCHANT and any cardholder relating to any card transaction will be settled between MERCHANT and the cardholder. SERVICE PROVIDERS bears no responsibility for such transactions.
- 2.36 As a primary inducement to SERVICE PROVIDERS to enter into this Agreement, the Guarantor(s) indicated on this Application, by signing this Application, jointly and severally, unconditionally and irrevocably, guarantee the continuing full and faithful performance and payment by MERCHANT of each of its duties and obligations to SERVICE PROVIDERS pursuant to this Agreement, as it now exists or amended from time to time, with or without notice. Guarantor(s) understands further that SERVICE PROVIDERS may proceed directly against Guarantor(s) without first exhausting its remedies against any other person or entity responsible therefore to it or any security held by SERVICE PROVIDERS or MERCHANT. Guarantor(s) authorizes SERVICE PROVIDERS to debit via ACH from any account singly or jointly held by Guarantor(s) at any financial institution in the amount of any amount owed by Guarantor(s) under this Agreement. This ACH authorization will remain in effect after termination of this Agreement, and until SERVICE PROVIDERS has received written notice terminating this authorization and all Guarantor(s) obligations to SERVICE PROVIDERS have been paid in full. Guarantor(s) will indemnify and hold SERVICE PROVIDERS harmless for any action they take pursuant to this Section. Guarantor(s) will also indemnify and hold harmless any other financial institution for acting in accordance with any instructions from SERVICE PROVIDERS pursuant to this Section. This guarantee will not be discharged or affected by the death of the Guarantor, will bind all heirs, administrators, representatives and assigns and may be enforced by or for the benefit of any successor of SERVICE PROVIDERS. Guarantor(s) understand that the inducement to SERVICE PROVIDERS to enter into this Agreement is consideration for the guaranty, and that this guaranty remains in full force and effect even if the Guarantor(s) receives no additional benefit from the guaranty.
- 2.37 MERCHANT must not establish a maximum or maximum dollar amount as a condition of honoring a debit card transaction.
- 2.38 Legislation has passed ("Transition Laws") requiring terminals to suppress all but the last few digits from the cardholder's account number, as well as the expiration date. MERCHANT is responsible for compliance. Although federal law is in place regarding this issue, specific state laws may have more strict deadlines and requirements. MERCHANT is required to check its specific state law to be sure that MERCHANT is in compliance.
- 2.39 In accordance with the requirements of the Unlawful Internet Gambling Enforcement Act of 2006 and Regulation GG, MERCHANT understands that restricted transactions are prohibited from being processed through the Merchant Account or relationship with SERVICE PROVIDERS. Restricted transactions are transactions in which a person accepts credits, funds, instruments, or other proceeds from another person in connection with unlawful Internet gambling. By signing this agreement, MERCHANT certifies that its business does not engage in Internet gambling. MERCHANT understands transactions related to the sale of cannabis are restricted. MERCHANT agrees that it will notify SERVICE PROVIDERS in the event of any change in circumstance.
- 2.40 MERCHANT agrees to identify all third party agents involved in the payment process that may have access to cardholder data.
- 2.41 MERCHANT agrees to provide SERVICE PROVIDERS with previous processor statements as requested.
- 2.42 MERCHANT agrees not to deposit a transaction receipt that it knows or should have known to be either fraudulent or not authorized by the cardholder.
- 2.43 MERCHANT agrees that MERCHANT shall be solely responsible for its employees' actions while in MERCHANT'S employ.
- 2.44 MERCHANT agrees that it shall not require a cardholder to complete a postcard or similar device that includes the cardholder's account number, card expiration date, signature, or any other card account data in plain view when mailed.
- 2.45 MERCHANT agrees that it shall not request or use an account number for any purpose other than as payment for its goods or services.
- 2.46 MERCHANT agrees that it shall not add any tax to transactions, unless applicable law expressly requires that a MERCHANT be permitted to impose a tax.
- 2.47 MERCHANT agrees that it shall not disburse funds in the form of travelers cheques if the sole purpose is to allow the cardholder to make a cash purchase of goods or services from MERCHANT.
- 2.48 MERCHANT agrees that it shall not disburse funds in the form of cash, unless:
- (a) MERCHANT is a Lodging or Cruise Line merchant disbursing cash to a Premium Visa Product cardholder, as specified in Visa International Operating Regulations
 - (b) MERCHANT is dispensing funds in the form of travelers cheques, Visa Travel Money Cards, or foreign currency. In this case, the transaction amount is limited to the value of the travelers cheques, Visa Travel Money Card, or foreign currency, plus any commission or fee charged by the merchant, or MERCHANT is participating in the Visa Cash Back Service, as specified in Visa International Operating Regulations
- 2.49 MERCHANT agrees that it shall not accept a range of Visa cards for various purposes (e.g., Scrip, Manual Cash Disbursement).
- 2.50 Any MERCHANT who relies on fulfillment houses must submit information to SERVICE PROVIDERS about the fulfillment house, and steps for the underwriter to contact the fulfillment house to determine its financial capacity to support the MERCHANT.

2.51 SERVICE PROVIDERS may immediately terminate MERCHANT for any significant circumstances that create harm or loss to the goodwill of the Visa system.
 2.52 MERCHANT agrees, if undergoing a forensic investigation at the time the Merchant Agreement is signed, to fully cooperate with the investigation until completed.
 2.53 MERCHANT agrees to abide by transaction deposit restrictions, as specified in the Visa International Operating Regulations.

2.54 MERCHANT agrees to abide by transaction processing prohibitions, as specified in the Merchant Prohibitions section of the Visa International Operating Regulations.

2.55 MERCHANT agrees that it shall not deposit a transaction receipt that does not result from an act between the cardholder and the merchant or the cardholder and its appointed merchant (franchising).

2.56 MERCHANT agrees that it shall not violate disclosure of account and Visa transaction information prohibitions, as specified in the Visa International Operating Regulations.

2.57 MERCHANT agrees that during the Initial Term and any Renewal Term it shall achieve and maintain compliance with the Payment Card Industry ("PCI") Data Security Standard ("DSS") that it shall be liable for a PCI Compliance Non-Validation Fee per month in the amount stated in the section titled "Rates and Fees" of the Application if it fails to complete the PCI Protection Plan Self-Assessment Questionnaire (SAQ) and all other PCI requirements according to required timelines. Notwithstanding any payments of the PCI Compliance Non-Validation Fee, Merchant agrees that it shall still be liable for any and all fees, fines, assessments or reimbursements related directly or indirectly to the MERCHANT suffering a data security breach.

2.58 PCI Protection Plan. In the event MERCHANT chooses to participate in the PCI Protection Plan, MERCHANT must enroll in the PCI Protection Plan by completing, and validating PCI compliance through the PCI Self-Assessment Questionnaire and submitting such questionnaire to SERVICE PROVIDERS. Additionally, a PCI scan may be required annually or quarterly (if applicable). Merchant agrees that it shall be liable for the PCI Protection Plan monthly fee in the amount set forth in Rates and Fees section of the Application. MERCHANT agrees to be bound by the terms and conditions of the PCI Protection Plan. In the event MERCHANT does not participate in the PCI Protection Plan by properly validating PCI compliance and completing the PCI SAQ, MERCHANT agrees to pay the PCI Compliance Non-Validation Fee as set forth in section 2.57 above.

3.0 Rights, Duties and Responsibilities of SERVICE PROVIDERS.

3.1 SERVICE PROVIDERS will accept for purchase all sales drafts deposited by MERCHANT that comply with the terms of this Agreement. The electronic submission of sales transactions to SERVICE PROVIDERS through services provided by SERVICE PROVIDERS shall constitute an endorsement by MERCHANT to SERVICE PROVIDERS of the sales drafts representing such transactions. Unless otherwise informed by SERVICE PROVIDERS and provided MERCHANT completes batch operation prior to 6:59pm EST, SERVICE PROVIDERS will pay MERCHANT up to three (3) business days after the date the SERVICE PROVIDERS receives the transaction, the total face amount of each sales draft, less any credit vouchers, discounts, fees or adjustments determined daily or monthly. All payments, credits and charges are subject to audit and final checking by SERVICE PROVIDERS, and prompt adjustments shall be made for inaccuracies discovered.

3.2 Notwithstanding any other provisions of this Agreement, SERVICE PROVIDERS may refuse to accept any sales draft, or revoke its prior acceptance, in any of the following circumstances:

- (a) the sale giving rise to such sales draft was not made in compliance with all the terms and conditions of this Agreement including Card Associations' Rules and Regulations, Discover Network Operating Regulations, as well as applicable laws and regulations of any governmental authority; or
- (b) The cardholder disputes his/her liability on any of the following grounds: (i) that the products covered by such sales drafts were returned, rejected or defective in some respect or MERCHANT failed to perform any obligation on its part in connection with such products, and MERCHANT has refused to issue a credit voucher in the proper amount; (ii) MERCHANT has failed to obtain a signature on the sales draft and the cardholder claims he/she did not authorize the transaction. In the event of a revocation of a prior acceptance of a sales draft, SERVICE PROVIDERS may withdraw from the Account any amount previously paid to MERCHANT for such sales draft.

3.3 SERVICE PROVIDERS will provide electronic data capture, monthly activity statement, and will assign customer service phone numbers which will accept all customer service calls and other communications from MERCHANT relating to the services provided under this Agreement including, but not limited to, disbursement of funds, account charges, monthly statements and chargebacks.

3.4 SERVICE PROVIDERS will process all requests for drafts and chargebacks from card issuers and will provide MERCHANT with timely notice of requests and chargebacks for documentation.

3.5 SERVICE PROVIDERS will provide, at MERCHANT'S option, a 24-hour toll-free help line for servicing of peripheral equipment which shall include repair and reprogramming of equipment leased, rented or purchased from other vendors.

3.6 Use of Independent Sales Office: MERCHANT acknowledges that SERVICE PROVIDERS may have been referred to MERCHANT through an independent sales office operating under applicable VISA, Mastercard, and Discover Network rules and regulations. The independent sales office is only an independent contractor, is not an employee or agent of SERVICE PROVIDERS, and has no authority to alter the terms of this Agreement without SERVICE PROVIDERS' prior written approval.

3.7 MERCHANT authorizes SERVICE PROVIDERS to control and disburse all appropriate settlement funds to the MERCHANT including funds from the Card Association's, American Express and Discover cards.

4.0 Account Monitoring.

4.1 MERCHANT acknowledges that SERVICE PROVIDERS will monitor MERCHANT'S daily deposit activity. MERCHANT agrees that SERVICE PROVIDERS may, upon reasonable grounds, divert the disbursement of MERCHANT'S funds from any account MERCHANT has in ANY financial institution for any reasonable period of time required to investigate suspicious or unusual deposit activity. SERVICE PROVIDERS will make good faith efforts to notify MERCHANT immediately. SERVICE PROVIDERS shall have no liability for any losses, either direct or indirect, which MERCHANT may attribute to any diversion of funds disbursement. Any funds diverted shall be deposited immediately into a non-interest bearing account at SERVICE PROVIDERS, and not be released until such time that questionable/suspicious/erroneous transactions have been resolved to the SERVICE PROVIDERS' satisfaction.

4.2 Agents of SERVICE PROVIDERS are not permitted to directly access or hold merchant funds whether from settlement or reserves.

5.0 Warranties; Disclaimer of Warranties.

5.1 MERCHANT unconditionally represents and warrants to SERVICE PROVIDERS that all sales drafts submitted to SERVICE PROVIDERS hereunder will represent the indebtedness of cardholder with whom MERCHANT has completed a sales transaction in amounts set forth therein for products only, shall not involve any element of credit for any other purposes and shall not be subject to any defense, dispute, offset or counterclaim which may be raised by a cardholder under the Card Associations' Rules and Regulations, Discover Network Operating Regulations, or the Consumer Credit Protection Act (15 USC 1601) or other relevant state or federal statutes or regulations. Further, MERCHANT warrants that any credit voucher which it issues represents a bona fide refund or adjustment on a card sale by MERCHANT with respect to which a sales draft has been accepted by the SERVICE PROVIDERS.

6.0 Limitations of Liability/Indemnification/Due Care.

6.1 SERVICE PROVIDERS shall have no liability for any negligent design or manufacture of any point-of-sale terminal, printer, or other equipment used by MERCHANT for the acceptance of credit card transactions. SERVICE PROVIDERS MAKES NO WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, CONCERNING ANY EQUIPMENT, OR OTHER SERVICE PROVIDED BY OTHERS AND, IN PARTICULAR, MAKES NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURCHASE. Should MERCHANT fail to pay for any amounts due to their ISO, MERCHANT grants to SERVICE PROVIDERS the right to set-off against MERCHANT'S deposit account in order to allow SERVICE PROVIDERS to collect any and all equipment payments not made by MERCHANT.

6.2 MERCHANT shall indemnify and hold SERVICE PROVIDERS harmless from all liability, loss and damage, including reasonable attorney's fee and costs which may arise as a result, whether direct or indirect, of any act or failure to act or the breach of any warranty by MERCHANT pursuant to the terms of this Agreement, the Card Association's Rules and Regulations, and Discover Network Operating Regulations. In the event any Card Association, Discover Network, or other entity assesses a fine or assessment to SERVICE PROVIDERS or request reimbursement from SERVICE PROVIDERS due to the direct or indirect actions of MERCHANT, MERCHANT shall reimburse SERVICE PROVIDERS the amount of the fine, assessment or requested reimbursement.

6.3 SERVICE PROVIDERS WILL USE DUE CARE IN PROVIDING SERVICES COVERED BY THIS AGREEMENT AND THE PERFORMANCE OF ALL SERVICES CALLED FOR IN THIS AGREEMENT SHALL BE CONSISTENT WITH INDUSTRY STANDARDS. THE LIABILITY, IF ANY, OF SERVICE PROVIDERS UNDER THIS AGREEMENT FOR ANY CLAIMS, COSTS, DAMAGES, LOSSES AND EXPENSES FOR WHICH IT IS OR MAY BE LEGALLY LIABLE, WHETHER ARISING IN NEGLIGENCE OR OTHER TORT, CONTRACT, OR OTHERWISE, WILL NOT EXCEED IN THE AGGREGATE THE AMOUNT OF FEES PAID BY MERCHANT, LESS INTERCHANGE AND ASSESSMENTS, OVER THE PREVIOUS TWELVE (12) MONTH PERIOD, CALCULATED FROM THE DATE THE LIABILITY ACCRUED. IN NO EVENT WILL SERVICE PROVIDERS OR ITS AGENTS, OFFICERS, DIRECTORS OR EMPLOYEES BE LIABLE FOR INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES.

7.0 Display of Materials/Trademarks.

7.1 MERCHANT agrees to prominently display the promotional materials provided by SERVICE PROVIDERS in its place(s) of business. Use of promotional materials and use of any trade name, trademark, service mark or logo type ("Mark") associated with card(s) shall be limited to informing the public that card(s) will be accepted at MERCHANT'S place(s) of business. MERCHANT'S use of promotional materials and marks is subject to the direction of SERVICE PROVIDERS.

7.2 MERCHANT may use promotional materials and marks during the term of the Agreement and shall immediately cease use and return any inventory to SERVICE PROVIDERS upon any termination thereof.

7.3 MERCHANT shall not use any promotional material or marks associated with VISA, Mastercard or Discover Network in any way which suggests or implies that either endorses any goods or services other than payment card services. Further, MERCHANT may be subject to immediate termination if deemed to be creating harm or loss to the goodwill of VISA, Mastercard, Discover Network, or SERVICE PROVIDERS.

7.4 Discover Network Program Marks. MERCHANT is prohibited from using the Program Marks, as defined below, other than as expressly authorized in writing by SERVICE PROVIDERS. Program Marks mean the brands, emblems, trademarks, and/or logos that identify the Discover Network Cards. Additionally, MERCHANT shall not use the Program Marks other than to display decals, signage, advertising, and other forms depicting the Program Marks that are provided to MERCHANT by SERVICE PROVIDERS or otherwise approved in advance in writing by SERVICE PROVIDERS. MERCHANT may use the Program Marks only to promote the services covered by the Program Marks by using them on decals, indoor and outdoor signs, websites, advertising materials and marketing materials; provided that all such use by MERCHANT are approved in advance by SERVICE PROVIDERS in writing. MERCHANT shall not use the Program Marks in such a way that customers could believe that the products or services offered by MERCHANT are sponsored or guaranteed by the owners of the Program Marks. MERCHANT recognizes that it has no ownership rights in the Program Marks. MERCHANT shall not assign to any third party any of the rights to use the Program Marks.

8.0 Terms Termination.

8.1 This Agreement shall become effective upon acceptance by SERVICE PROVIDERS and shall continue in full force and effect for a term disclosed in the Merchant Payment Card Application/Agreement ("Initial Term" or "Term"). At the end of the Initial Term and at the end of every renewed term thereafter ("Renewed Term" or "Term"), the Agreement will automatically renew for additional periods as disclosed in the Merchant Payment Card Application/Agreement, unless terminated by any party upon written notice at least thirty (30) days prior to the end of the then existing Term or twenty (20) days as per the Voyage Merchant Agreement. In the event MERCHANT terminates this Agreement prior to the maturity date of the Initial term, MERCHANT SHALL be liable to SERVICE PROVIDERS for an early termination fee described in the Merchant Payment Card Application/Agreement ("Early Termination Fee"). Notwithstanding the foregoing, no Early Termination Fee shall be applicable if: (a) MERCHANT terminates this Agreement within ninety (90) days of a change or increase to a Non-Pass-Through Fee; or (b) MERCHANT receives a valid "Bid" (hereinafter defined) for processing services from another merchant services provider during the Term of this Agreement and presents said Bid to SERVICE PROVIDERS and SERVICE PROVIDERS chooses not to match said Bid. For purpose of this Section 8.1, (a) "Non-Pass-Through Fee" means any fees or portions of fees that are assessed by SERVICE PROVIDERS for payment card processing services pursuant to this Agreement that are retained by SERVICE PROVIDERS and are not amounts assessed by the Card Association or other third parties that are simply "passed through" to merchant; and (b) "Bid" means a written proposal from a third party processor for the processing of payment card transactions.

8.2 This Agreement may be immediately terminated by SERVICE PROVIDERS for the following reasons:

- Reasonable belief that MERCHANT is employed in practices that involve elements of fraud or conduct deemed to be injurious to cardholders;
 - Reasonable belief that MERCHANT will constitute a risk to SERVICE PROVIDERS by failing to meet the terms of this Agreement;
 - Issuing cash advances as set forth in Section 2.14; or
 - MERCHANT appears on any Card Association's, Discover Network's, and/or American Express' security reporting.
- (e) MERCHANT fails to comply with Payment Card Industry Security Standards as outlined in the Data Security Section of Merchant Payment Card Application.
- (f) MERCHANT has breached any term, provision, condition, representation or warranty of this Agreement.

8.3 In the event this Agreement is terminated prior to the expiration date for any of the reasons set forth in Section 8.2 and when permitted by state law, MERCHANT shall be liable to SERVICE PROVIDERS for the Early Termination Fee as defined in section 8.1 of this Agreement.

8.4 SERVICE PROVIDERS may terminate this Agreement immediately and without cause upon providing MERCHANT with written notice of such termination.

8.5 In the event of termination whether with or without cause, MERCHANT expressly authorizes SERVICE PROVIDERS to withhold and discontinue the disbursement of all cards and other payment transactions of MERCHANT in process of being collected and deposited. Collected funds may be placed in an escrow account at SERVICE PROVIDERS until MERCHANT pays any outstanding charges or losses. Further, SERVICE PROVIDERS reserves the right to require MERCHANT to deposit additional amounts, based upon MERCHANT'S processing history and /or anticipated risk of loss to SERVICE PROVIDERS, into an escrow account. SERVICE PROVIDERS shall be granted a continuing security interest in funds held pursuant to this Section. Said escrow account shall be maintained for a minimum of one hundred eighty (180) days after the termination date and for any reasonable period thereafter, during which cardholder disputes may remain

valid under the card plans. Any balance remaining after chargeback rights have expired will be debited to MERCHANT.

8.6 Security Interests. This Agreement will constitute a Security Agreement under the Uniform Commercial Code. MERCHANT grants to SERVICE PROVIDERS a security interest in and lien upon: (i) all funds at any time in the Account; (ii) all funds in directed account (see Section 4.0); (iii) the Reserve Account (as defined below); (iv) future sales drafts; (v) all rights relating to this Agreement including, without limitation, all rights to receive any payments or credits under this Agreement and (vi) any other account MERCHANT has in any financial institution, (collectively, the "Secured Assets"). Upon request of SERVICE PROVIDERS, MERCHANT will execute one or more financing statements or other documents to evidence and perfect this security interest. MERCHANT represents and warrants that no other party has a security interest in the Secured Assets. These security interest and lien will secure all of MERCHANT'S obligations under this Agreement and any other agreements between MERCHANT and SERVICE PROVIDERS including, but not limited to, MERCHANT'S obligation to pay any amounts due and owing to SERVICE PROVIDERS. With respect to such security interests and liens, SERVICE PROVIDERS will have all rights afforded under the Uniform Commercial Code, any other applicable law and in equity. MERCHANT will obtain from SERVICE PROVIDERS written consent prior to granting a security interest of any kind in the Secured Assets to a third party. In the event MERCHANT grants a security interest in the Secured Assets to a third party with SERVICE PROVIDERS' consent, MERCHANT agrees that any indebtedness arising from the bona fide sale of goods and/or services are free of liens, claims, and encumbrances other than ordinary sales taxes. Merchant represents and warrants that no other person or entity has a security interest in any property in which you have granted SERVICE PROVIDERS a security interest hereunder. MERCHANT agrees that this is a contract of assignment and SERVICE PROVIDERS is not required to file a motion for relief from a bankruptcy action automatic stay to realize on any of the Secured Assets. Nevertheless, MERCHANT agrees not to contest or object to any motion for relief from the automatic stay filed by SERVICE PROVIDERS. MERCHANT hereby grants SERVICE PROVIDERS the right to offset by ACH any account MERCHANT has in ANY financial institution in order to collect any amount due from MERCHANT to SERVICE PROVIDERS pursuant to this Agreement.

8.7 Reserve Account. (i) Establishment: Upon termination of this Agreement or upon SERVICE PROVIDERS' request and within SERVICE PROVIDERS' sole discretion, MERCHANT will establish and maintain a deposit ("Reserve Account") at SERVICE PROVIDERS in an amount reasonably determined by SERVICE PROVIDERS necessary to protect SERVICE PROVIDERS' interests under this Agreement. (ii) Funding: SERVICE PROVIDERS has the right to debit the Account to establish or maintain funds in the Reserve Account. SERVICE PROVIDERS may deposit into the Reserve Account funds it would otherwise be obligated to pay MERCHANT, for the purpose of establishing or maintaining the Reserve Account in accordance with this Section, if it determines such action is reasonably necessary to protect its interests. (iii) Funds: In no event will MERCHANT be entitled to return of Reserve Account funds before two-hundred seventy (270) days following the effective date of termination of this Agreement, provided however, that MERCHANT will remain liable to SERVICE PROVIDERS for all liabilities occurring beyond such two-hundred seventy (270) day period. SERVICE PROVIDERS will have sole control of the Reserve Account. In the event of a bankruptcy proceeding and the determination by the court that this Agreement is assumable under Bankruptcy Code Section 541, as amended from time to time, MERCHANT must establish or maintain a Reserve Account in an amount satisfactory to SERVICE PROVIDERS.

8.8 Recoupment and Set-Off. SERVICE PROVIDERS has the right of recoupment and set-off from the Reserve Account or the Account. This means that it may offset any outstanding uncollected amounts owed from: (i) any amounts it would otherwise be obligated to deposit into the MERCHANT Account, and (ii) any other amounts MERCHANT may owe SERVICE PROVIDERS under this Agreement or any other agreement. MERCHANT acknowledges that in the event of a bankruptcy proceeding, in order for MERCHANT to provide adequate protection under Bankruptcy Code Section 362 to SERVICE PROVIDERS, MERCHANT must create or maintain the Reserve Account as required by SERVICE PROVIDERS, and SERVICE PROVIDERS will have the right of offset against the Reserve Account for any and all obligations which MERCHANT may owe to SERVICE PROVIDERS, without regard to whether the obligations relate to sales drafts initiated or created before or after the filing of the bankruptcy petition.

8.9 If MERCHANT is terminated for cause, MERCHANT acknowledges that SERVICE PROVIDERS may be required to report MERCHANT'S business name and the names and other identification of its principals to the Member Alert to Control High-Risk (M.A.T.C.H.) maintained by Mastercard. MERCHANT expressly agrees and consents to such reporting in the event MERCHANT is terminated for any of the reasons specified as cause by VISA, Mastercard, and Discover Network. Furthermore, MERCHANT shall hold harmless SERVICE PROVIDERS for claims which MERCHANT may raise as a result of such reporting.

8.10 Bankruptcy. MERCHANT will immediately notify SERVICE PROVIDERS of any bankruptcy, receivership, insolvency or similar action or proceeding initiated by or against MERCHANT or any of its principals. MERCHANT will include SERVICE PROVIDERS on the list and matrix of creditors as filed with the Bankruptcy Court, whether or not a claim may exist at the time of filing, and failure to do so will be cause for immediate termination or any other action available to SERVICE PROVIDERS under applicable rules or law. MERCHANT acknowledges that this Agreement constitutes an executory contract to make a loan, or extend other debt financing or financial accommodations to or for the benefit of MERCHANT, and, as such, cannot be assumed or assigned in the event of MERCHANT'S bankruptcy.

8.11 In the event SERVICE PROVIDERS and MERCHANT agree to any reduction of a rate or a fee set forth in this Agreement, merchant hereby agrees that said reduction shall result in an extension of the Term of this Agreement by three (3) years from the date said rate or fee reduction takes effect.

9.0 Notices.

9.1 All notices and other communications required or permitted under this Agreement shall be deemed delivered when mailed first class, postage prepaid, addressed as follows:

(a) If to SERVICE PROVIDERS: Payment Processing Solutions, LLC, P.O. Box 8339, The Woodlands, TX 77387-8339

(b) If to MERCHANT, at the MERCHANT'S place of business as also stated on this Merchant Application or current mailing address on file with SERVICE PROVIDERS.

10.0 Additional Terms.

10.1 Card Plans. This Agreement is subject to the bylaws and rules promulgated by VISA, Mastercard, Discover Network, or any other card plan. The parties hereto are bound by and shall fully comply with those bylaws and rules and by such amendments or additions as may be made hereto. The parties hereto shall further comply with all Debit/ATM Network rules and regulations.

10.2 Inspection of Books and Records. Representatives of SERVICE PROVIDERS may, during normal business hours, inspect, audit and make records of MERCHANT'S books, accounts, records and files pertaining to any card transactions. During the Term hereof, at the request of SERVICE PROVIDERS, MERCHANT shall provide up to two (2) years of current financial statements and other related information that is requested by SERVICE PROVIDERS. MERCHANT will preserve its records of any card sale and any refund or credit adjustment thereon for at least seven (7) years from the date of such sale, credit, refund or adjustment. MERCHANT agrees that SERVICE PROVIDERS may obtain information from credit reporting agencies for the MERCHANT and its principals once a year during the Initial Term and any Renewal Term of this Agreement.

10.3 Confidentiality. MERCHANT will not use for its own purposes, will not disclose to any third party, and will retain in strictest confidence all information and data belonging to or relating to the business of SERVICE PROVIDERS (including without limitation the terms of this Agreement), and will safeguard such information and data by using the same degree of care that MERCHANT uses to protect its own confidential information.

10.4 Privacy. SERVICE PROVIDERS complies with the Bank Secrecy Act and the USA Patriot Act to help the government fight the funding of terrorism and money laundering activities. Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account or becomes a new customer of the financial institution. Our Customer Identification Program is designed to comply with all federal mandates. When MERCHANT

open an account or obtain a service from the bank, SERVICE PROVIDERS will ask for owner/officer name, address, date of birth, and other information that will allow SERVICE PROVIDERS to identify MERCHANT. SERVICE PROVIDERS will also be asking MERCHANT to provide identifying documentation, such as driver's license or other forms of identification. SERVICE PROVIDERS can and will refuse to open an account or provide services if adequate identification is not provided, or SERVICE PROVIDERS is dissatisfied with the identification provided. SERVICE PROVIDERS collects non-public personal information about MERCHANT from the following sources: Information received from our applications or other forms; Information about transactions with SERVICE PROVIDERS, our affiliates, or others; and Information received from consumer reporting agencies. As required by the USA PATRIOT Act, SERVICE PROVIDERS also collects information and takes actions necessary to verify MERCHANT identity. SERVICE PROVIDERS may disclose all the information collected, as described above, to companies that perform marketing services on SERVICE PROVIDERS' behalf, to American Express, or to other financial institutions with which SERVICE PROVIDERS has joint marketing agreements. SERVICE PROVIDERS does not disclose any non-public personal information about our MERCHANTS to anyone, including our affiliates, except as permitted by law. Internally, SERVICE PROVIDERS restricts access to non-public personal information about MERCHANTS to associates who need to know that information to provide customer support and/or to maintain records. SERVICE PROVIDERS' internal conduct clearly defines the manner in which an associate may access, use, or disseminate non-public information. SERVICE PROVIDERS maintains physical, electronic, and procedural safeguards that comply with federal standards to guard MERCHANTS' non-public personal information. If MERCHANT decides to close account(s) or become an inactive merchant, SERVICE PROVIDERS will adhere to the policies and practices as described in this notice. 10.4) PRIVACY POLICY. MERCHANT represents, warrants and covenants that it has obtained all required consents from cardholders in respect of their personal information to be accessed, collected, used or transferred by SERVICE PROVIDERS in providing the services under this Agreement, and it has read, understood and hereby accepts PayPal's privacy policy on behalf of itself and the Cardholders at <https://www.paypal.com/privacy-policy/>.

10.5 Force Majeure. SERVICE PROVIDERS shall not be liable for any damages resulting from any delay in performance or non-performance caused by circumstances beyond SERVICE PROVIDERS' control including, but not limited to acts of God, fire, flood, war, governmental action, accident, labor trouble or shortage, or other events of similar effect in connection with SERVICE PROVIDERS' obligation herein.

10.6 Amendment. MERCHANT acknowledges that the terms set forth herein including but not limited to fees, rates, and charges may be changed by SERVICE PROVIDERS. MERCHANT agrees that any such changes shall be considered accurate and final unless MERCHANT disputes them in writing within 30 days of receipt of documentation showing said changes.

10.7 Section Headings. All section headings contained herein are for descriptive purposes only, and the language of such section shall control.

10.8 Assignability. This Agreement may not be assigned, directly or by operation of law, without the prior written consent of SERVICE PROVIDERS.

10.9 Attorney's Fees and Costs. MERCHANT shall be liable for and indemnify SERVICE PROVIDERS for any and all attorney's fees and other costs and expenses paid or incurred by the SERVICE PROVIDERS in the enforcement hereof, or in collecting any amounts due from MERCHANT to SERVICE PROVIDERS hereunder or resulting from any breach by MERCHANT of any of the terms or conditions of this Agreement.

10.10 Dispute Resolution, Arbitration and Class Action Waiver. Any claims or controversies between the parties arising out of or relating to this Agreement or the breach thereof, including disputes over the enforceability, validity or scope of this Section 10.10, shall be resolved through arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as then may be in effect (which rules are available at www.adr.org), except that (i) temporary equitable judicial relief may be sought in a federal or state court located in Montgomery County, Texas, until an arbitrator can be empaneled and has determined whether that relief should be continued, modified or ended, and the parties hereby expressly consent to the exclusive jurisdiction of such courts for such purpose, and (ii) judicial relief may be sought in such court or any other court of competent jurisdiction to compel arbitration or to enforce an award issued pursuant to this section. THE PARTIES ALSO AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN ITS INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, unless both Parties agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding. In the event the foregoing prohibition on representative or class proceedings is invalidated or otherwise held unenforceable, the Parties agree that the remainder of this Section 10.10 similarly shall be deemed void and unenforceable.

10.11 Binding Effect: Governing Law, Jurisdiction and Venue. This Agreement shall be construed and governed by the laws of the State of Texas and the Federal Arbitration Act. Except where otherwise expressly stated, if any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, the remaining provisions shall remain in effect. In the event Section 10.10 is deemed void or unenforceable, all claims or controversies between the parties arising out of or relating to this Agreement or the breach thereof, shall be brought in a federal or state court located in Montgomery County, Texas, and the parties hereby expressly consent to the exclusive jurisdiction of such courts for such purpose.

10.12 Survivability. The following sections shall survive the termination of this Agreement and shall remain enforceable after such termination: 2.11, 2.12, 2.16, 2.20, 2.21, 2.22, 2.25, 2.28, 2.31, 2.35, 2.36, 2.45, 2.52, 3.2, 5.4, 6.1, 6.1, 6.2, 6.3, 6.4, 8.5, 8.6, 8.7, 8.8, 8.9, 9.1, 10.3, 10.5, 10.9, 10.10, 10.11 and 10.14.

10.13 The rights conferred upon SERVICE PROVIDERS in this Agreement are not intended to be exclusive of each other or of any other rights and remedies. Rather, each and every right of SERVICE PROVIDERS at law or in equity will be cumulative and concurrent and in addition to every other right.

10.14 In the event MERCHANT chooses to participate in the Optional Merchant Club, the following Terms and Conditions shall apply: The term of enrollment is for one (1) year. The term shall be automatically and continuously renewed for consecutive one-year terms unless the Merchant or Bank provides a written notice of non-renewal at least sixty (60) days prior to end of the then existing term. The fee for membership shall be charged per unit of equipment per month (terminal, printer, pin pad or any combination thereof). MERCHANT understands membership fee is in addition to fees charged by SERVICE PROVIDERS in MERCHANT'S Merchant Payment Card Agreement. In the event MERCHANT'S Merchant Payment Card Agreement is terminated during the existence of any term of membership, the fee shall be paid for the remainder of the then existing term. Example: In the event a MERCHANT becomes a member and is terminated after seven (7) months, the remaining five (5) months of fees shall still be paid by MERCHANT to SERVICE PROVIDERS. For all members in good standing, and subject to the terms herein, SERVICE PROVIDERS shall provide equipment support or repair during the membership term. If the equipment cannot be repaired, it shall be replaced with refurbished equipment of comparable quality. MERCHANT agrees to pay any and all encryption fees. For any equipment shipped by SERVICE PROVIDERS to MERCHANT hereunder, MERCHANT shall pay SERVICE PROVIDERS the sum of \$29.95 per item to cover shipping and handling. MERCHANT agrees to pay SERVICE PROVIDERS additional fees for Saturday or priority delivery. In the event SERVICE PROVIDERS replaces any item of equipment for MERCHANT'S faulty equipment, MERCHANT is required to send SERVICE PROVIDERS the faulty equipment within thirty (30) days from the date MERCHANT receives the replacement equipment. In the event MERCHANT fails to comply with this Section, MERCHANT shall be required to pay SERVICE PROVIDERS the full retail price for the replacement equipment immediately upon the expiration of said thirty (30) day period. Full membership benefits do not take effect for thirty (30) days following the Date of Enrollment. In the event SERVICE PROVIDERS provides replacement equipment during the first thirty (30) days of membership, MERCHANT shall pay SERVICE PROVIDERS the sum of \$75.00 per unit replaced. The following items are NOT covered under the membership and MERCHANT shall receive NO benefits for said items: wireless terminals, power packs, pin pad cables, check reader cables, printer cables, printer ribbons, or any other cable that would connect a peripheral device to the terminal, equipment which is the sole discretion of SERVICE PROVIDERS has been subject to abuse, accidental damage, alteration, modification, tampering, negligence, misuse, faulty installation, lack of reasonable care, repair or service which in any way is

not contemplated in the documentation for the equipment, equipment with alteration, tampering or defacing of the serial number or model number, any damage that occurs in shipment, any damage due to an act of God, failures due to power surges, cosmetic damage.

10.15 MERCHANT is liable for repayment to SERVICE PROVIDERS for all valid chargebacks related to Debit and/or ATM Transactions. SERVICE PROVIDERS will comply with Debit/ATM Networks' prevailing Rules and Regulations in processing any chargebacks which result from cardholder disputes. However, all disputes which are not or cannot be resolved through established chargeback procedures shall be settled between MERCHANT and the cardholder, and MERCHANT will indemnify SERVICE PROVIDERS and will provide reimbursement for all expenses, including reasonable attorney's costs, which it may incur as the result of any cardholder claim which is pursued outside the Debit/ATM Network Rules and Regulations.

10.16 MERCHANT agrees to \$25 per hour, with one (1) hour minimum, research fee to be charged by SERVICE PROVIDERS for research it performs at MERCHANT'S request.

10.17 For purposes of compliance with Payment Card Industry Security Standards, MERCHANT is required to notify SERVICE PROVIDERS in writing of any changes to the software type and version number from that originally stated within this Agreement. MERCHANT is liable to SERVICE PROVIDERS for all losses and expenses incurred by SERVICE PROVIDERS arising out of a failure to report changes to SERVICE PROVIDERS.

10.18 MERCHANT must report to SERVICE PROVIDERS its participation in any cash advance program outside of that offered by SERVICE PROVIDERS. Failure to report participation in such a program shall result in immediate termination of MERCHANT account.

11.0 Fleet Card Acceptance.

11.1 If MERCHANT executes a Wight Express ("WEX") Merchant Agreement, MERCHANT understands that SERVICE PROVIDERS will provide such agreement to WEX, but that neither SERVICE PROVIDERS nor WEX shall have any obligation whatsoever to MERCHANT with respect to processing WEX Cards unless and until WEX executes WEX Merchant Agreement. If WEX executes WEX Merchant Agreement and MERCHANT accepts WEX Cards, MERCHANT understands that WEX transactions are processed, authorized, and funded by WEX. MERCHANT understands that WEX is solely responsible for all agreements that govern WEX transactions and that SERVICE PROVIDERS is not responsible and assumes absolutely no liability with regard to any such agreement or WEX transactions, including, but not limited to, the funding and settlement of WEX transactions. MERCHANT understands that WEX will charge additional fees for the services that it provides.

11.2 If MERCHANT accepts Voyager Cards, MERCHANT should adhere to the following Voyager Regulations:

(a) MERCHANT should check Fleet Cards for any printer restrictions at the point of sale.

(b) If an increase in the number of Voyager transaction authorization calls from MERCHANT, not due to Voyager system outages, are in excess of 15% for a given month as compared to the previous month, Voyager may, in their sole discretion, deduct telephone charges not to exceed \$25 per call for the increased calls from MERCHANT settlement of MERCHANT'S Voyager transactions.

(c) Settlement of Voyager transactions will generally occur by the fourth banking day after the applicable card transaction is processed. Voyager shall reimburse MERCHANT for the dollar amount of sales submitted for a given day by MERCHANT, reduced by the amount of chargebacks, tax exemptions, discounts, credits, and other fees.

(d) For daily transmission of data, MERCHANT shall maintain true and complete records for not less than thirty-six (36) months from the date of generation of the data, and MERCHANT is responsible for the expense of retaining such sales data records and sales drafts.

(e) In addition to the information provided in Section 6.3, in no event shall SERVICE PROVIDERS' cumulative liability to MERCHANT for losses, claims, suits, controversies, breaches or damages for any cause whatsoever in connection with Voyager transactions, exceed the lesser of \$10,000.00 or the Voyager transaction fees paid by MERCHANT for the two months prior to the action giving rise to the claim.

12.0 Data Security.

12.1 MERCHANT hereby warrants and represents that the POS Software, as listed on this Agreement is 100% accurate and that the POS Software used by the Merchant during the Initial Term or any Renewal Term of this Agreement is PCI-DSS Compliant as listed at https://www.pcisecuritystandards.org/security_standards/vpa/. If MERCHANT conducts any business over the Internet or over a VOIP terminal, MERCHANT must install and maintain a working network firewall to protect data accessible via the Internet, keep security patches up-to-date, encrypt stored data sent over open networks, use and update anti-virus software, restrict access to data by business "need-to-know", assign a unique ID to each person with computer access to data by unique ID, regularly test security systems and processes, maintain a policy that addresses information security for employees and contractors, and restrict physical access to cardholder information. When outsourcing administration of information assets, networks, or data, MERCHANT must retain legal control of proprietary information and use limited "need-to-know" access to such assets, network, or data. Further, MERCHANT must reference the protection of cardholder information and compliance with the PCI Security Standards Council in contract with other service providers. If MERCHANT stores cardholder account numbers, expiration dates, and other personal cardholder data in a database, MERCHANT must follow VISA, Mastercard, and Discover Network guidelines on securing such data as outlined by the Visa Cardholder Information Security Procedures (CISP), Mastercard Site Data Protection (SDP), and Discover Information Security and Compliance Program (DISC). MERCHANT understands that failure to comply with this Section may result in fines, fees, assessments or requests for reimbursement by VISA, Mastercard, and/or Discover Network, and MERCHANT agrees to indemnify and reimburse SERVICE PROVIDERS immediately for any fine imposed due to MERCHANT'S breach of this Section. For more information on the Payment Card Industry Security Standards, including each of the specific security programs, see www.pcisecuritystandards.org.

13.0 American Express Card Acceptance

13.1 American Express Definitions.

(ii) "Establishment" means any or all of a MERCHANT'S locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that the MERCHANT adopts in the future.

(iv) "Participant" means SERVICE PROVIDERS merchant services provider Payafo Payment Processing Solutions, LLC.

13.2 Card Acceptance. MERCHANT agrees to accept American Express Cards in accordance with the terms of this Agreement and agrees to adhere to the American Express Operating Regulations and the American Express OptBlue Program Merchant Requirements, which are both incorporated herein by reference and made a part hereof for all purposes, and are also available at www.americanexpress.com/merchantguide. MERCHANT ACKNOWLEDGES THAT IT MAY CHOOSE NOT TO ACCEPT AMERICAN EXPRESS CARDS AT ANY TIME DURING THE TERM OF THIS AGREEMENT AND SUCH ACTION DOES NOT DIRECTLY NOR INDIRECTLY AFFECT MERCHANT'S RIGHTS TO ACCEPT ANY OTHER PAYMENT CARD. MERCHANT acknowledges that it is the MERCHANT'S sole obligation to ensure that it possesses the most current version of the American Express Operating Regulations and the American Express OptBlue Program Merchant Requirements as they are amended from time to time.

13.3 Prohibited Goods and Services. MERCHANT must accept the Card as payment for goods and services sold (other than those goods and services prohibited under the subsection below), or (if applicable) for charitable contributions made, at all of its Establishments, except as expressly permitted by state statute. MERCHANT is jointly and severally liable for the obligations of MERCHANT'S Establishments under the Agreement. MERCHANT must not accept the Card to verify a cardholder's age or for any of the following:

(j) adult digital content sold via Internet Electronic Delivery.

- (ii) amounts that do not represent bona fide sales of goods or services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at MERCHANT'S Establishments; for example, purchases at MERCHANT'S Establishments by MERCHANT'S owners (or their family members) or employees contrived for cash flow purposes, or payments that MERCHANT has accepted in order to advance cash to cardholders in connection with the transaction;
- (iii) amounts that do not represent bona fide, direct sales by MERCHANT'S Establishment to Card Members made in the ordinary course of MERCHANT'S business;
- (iv) cash or cash equivalent (e.g., gold, silver, platinum, and palladium bullion and/or bars), but collectible coins and jewelry are not prohibited;
- (v) charges that the cardholder has not specifically approved;
- (vi) costs or fees over the normal price of the goods or services (plus applicable taxes) that the cardholder has not specifically approved;
- (vii) damages, losses, penalties, or fines of any kind;
- (viii) gambling services (including online gambling), gambling chips, gambling credits, or lottery tickets;
- (ix) unlawful/illegal activities, fraudulent business transactions or when providing the goods or services is unlawful/illegal (e.g., unlawful/illegal online internet sales of prescription medications or controlled substances; sales of any goods that infringe the rights of a rights-holder under laws applicable to us, MERCHANT, or the cardholder; online child pornography);
- (x) overdue amounts or amounts covering returned, previously dishonored or stop-payment checks (e.g., where the Card is used as a payment of last resort); or
- (xi) sales made by third parties or entities conducting business in industries other than Merchant's.

13.4 High Volume. MERCHANT agrees that in the event its annual charge volume for American Express Cards is greater than \$1,000,000, then American Express may initiate the process of converting MERCHANT to an AXP Direct Merchant. Upon conversion MERCHANT shall be bound by American Express' then-current Card Acceptance agreement and American Express will set pricing and other fees payable by the MERCHANT for American Express card acceptance.

13.5 ARBITRATION AGREEMENT (as to Claims involving American Express). In the event that MERCHANT or Participant is not able to resolve a Claim against American Express, or a claim against Participant or any other entity that American Express has a right to join, this section explains how Claims may be resolved through arbitration. Merchant or American Express may elect to resolve any Claim by binding individual arbitration. Claims will be decided by a neutral arbitrator. If arbitration is elected by any party, MERCHANT nor Participant nor American Express will have the right to litigate or have a jury trial on that Claim in court. Further, MERCHANT, Participant, and American Express will not have the right to participate in a class action or in a representative capacity or in a group of persons alleged to be similarly situated pertaining to any Claim subject to arbitration under this Agreement. Arbitration procedures are generally simpler than the rules in court. An arbitrator's decisions are final and binding, and the arbitrator's final decision on a Claim generally is enforceable as a court order with very limited review by a court. Other rights MERCHANT, Participant, or American Express would have in court may also not be available in arbitration.

(i) **Initiation of Arbitration.** Claims may be referred to either JAMS or AAA, as selected by the party electing arbitration. Claims will be resolved pursuant to this Arbitration Agreement and the selected organization's rules in effect when the Claim is filed, except where those rules conflict with this Agreement. Contact JAMS or AAA to begin an arbitration or for other information. Claims may be referred to another arbitration organization if all parties agree in writing, if American Express selects the organization and MERCHANT selects the other within 30 days thereafter or if an arbitrator is appointed pursuant to section 5 of the Federal Arbitration Act, 9 U.S.C. § 1-16 (FAA). Any arbitration hearing will take place in the federal judicial district where MERCHANT'S headquarters is located or New York, NY, at MERCHANT'S election.

(ii) **Limitations on Arbitration.** If any party elects to resolve a Claim by arbitration, that Claim will be arbitrated on an individual basis. No Claim is to be arbitrated on a class or purported representative basis or on behalf of the general public or other persons allegedly similarly situated. The arbitrator's authority is limited to Claims between MERCHANT, Participant, and American Express. An arbitration award and any judgment confirming it will apply only to the specific case brought by MERCHANT, Participant or American Express and cannot be used in any other case except to enforce the award as between MERCHANT, Participant and American Express. This prohibition is intended to, and does, preclude MERCHANT from participating in any action by any trade association or other organization against American Express. Notwithstanding any other provision in this Agreement, if any portion of these Limitations on Arbitration is found invalid or unenforceable, then the entire Arbitration Agreement (other than this sentence) will not apply, except that MERCHANT, Participant, and American Express do not waive the right to appeal that decision.

(iii) **Previously Filed Claims/No Waiver.** MERCHANT, Participant, or American Express may elect to arbitrate any Claim that has been filed in court at any time before trial has begun or final judgment has been entered on the Claim. MERCHANT, Participant, or American Express may choose to delay enforcing or to not exercise rights under this Arbitration Agreement, including the right to elect to arbitrate a claim, without waiving the right to exercise or enforce those rights on any other occasion. For the avoidance of any confusion, and not to limit its scope, this section applies to any class-action lawsuit relating to the "Honor All Cards," "non-discrimination," or "no steering" provisions of the American Express Merchant Regulations, or any similar provisions of any prior American Express Card acceptance agreement, that was filed against American Express prior to the Effective Date of the Agreement to the extent that such claims are not already subject to arbitration pursuant to a prior agreement between MERCHANT and American Express.

(iv) **Arbitrator's Authority.** The arbitrator will have the power and authority to award any relief that would have been available in court and that is authorized under this Agreement. The arbitrator has no power or authority to alter the Agreement or any of its separate provisions, including this arbitration agreement.

(v) **Split Proceedings for Equitable Relief.** MERCHANT, Participant, or American Express may seek equitable relief in aid of arbitration prior to arbitration on the merits if necessary to preserve the status quo pending completion of the arbitration. This section shall be enforced by any court of competent jurisdiction, and the party seeking enforcement is entitled to seek an award of reasonable attorneys' fees and costs to be paid by the party against whom enforcement is ordered.

(vi) **Small Claims.** American Express will not elect arbitration for any Claim MERCHANT properly files in a small claims court so long as the Claim seeks individual relief only and is pending only in that court.

(vii) **Governing Law/Arbitration Procedures/Entry of Judgment.** This Arbitration Agreement is made pursuant to a transaction involving interstate commerce and is governed by the FAA. The arbitrator shall apply New York law and applicable statutes of limitations and honor claims of privilege recognized by law. The arbitrator shall apply the rules of the arbitration organization selected, as applicable to matters relating to evidence and discovery, not federal or any state rules of procedure or evidence, provided that any party may ask the arbitrator to expand discovery by making a written request, to which the other parties will have 15 days to respond before the arbitrator rules on the request. If MERCHANT'S Claim is for \$10,000 or less, MERCHANT may choose whether the arbitration will be conducted solely based on documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing under the rules of the selected arbitration organization. At the timely request of a party, the arbitrator will provide a written opinion explaining his/her award. The arbitrator's decision will be final and binding, except for any rights of appeal provided by the FAA. Judgment on an award rendered by the arbitrator may be entered in any state or federal court in the federal judicial district where MERCHANT'S headquarters or MERCHANT'S assets are located.

(viii) **Confidentiality.** The arbitration proceeding and all information submitted, relating to or presented in connection with or during the proceeding, shall be deemed confidential information not to be disclosed to any person not a party to the arbitration. All communications, whether written or oral, made in the course of or in connection with the Claim and its resolution, by or on behalf of any party or by the arbitrator or a mediator, including any arbitration award or judgment related

thereto, are confidential and inadmissible for any purpose, including impeachment or estoppel, in any other litigation or proceeding; provided, however, that evidence shall not be rendered inadmissible or non-discoverable solely as a result of its use in the arbitration.

- (b) **Costs of Arbitration Proceedings.** Merchant will be responsible for paying MERCHANT'S share of any arbitration fees (including filing, administrative, hearing, or other fees), but only up to the amount of the filing fees MERCHANT would have incurred if MERCHANT had brought a claim in court. American Express will be responsible for any additional arbitration fees. At MERCHANT'S written request, American Express will consider in good faith making a temporary advance of MERCHANT'S share of any arbitration fees, or paying for the reasonable fees of an expert appointed by the arbitrator for good cause.
- (c) **Additional Arbitration Awards.** If the arbitrator rules in MERCHANT'S favor against American Express for an amount greater than any final settlement offer, American Express made before arbitration, the arbitrator's award will include: (i) any money to which MERCHANT is entitled as determined by the arbitrator, but in no case less than \$5,000; and (ii) any reasonable attorneys' fees, costs and expert and other witness fees incurred by MERCHANT.
- (d) **Definitions.** For purposes of this section 13.4 only, (i) "American Express" includes its Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables, and all agents, directors, and representatives of any of the foregoing, (ii) "MERCHANT" includes Merchant's Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing, and (iii) "Claim" means any allegation of an entitlement to relief, whether damages, injunctive or any other form of relief, against American Express or against Participant or any other entity that American Express has the right to join, including, a transaction using an American Express product or network or regarding an American Express policy or procedure.

13.6 Treatment of the American Express Brand. Except as expressly permitted by Applicable Law, Merchant must not:

- (i) indicate or imply that it prefers, directly or indirectly, any Other Payment Products over the Card,
- (ii) try to dissuade Card Members from using the Card,
- (iii) criticize or mischaracterize the Card or any of American Express' services or programs,
- (iv) try to persuade or prompt Card Members to use any Other Payment Products or any other method of payment (e.g., payment by check),
- (v) impose any restrictions, conditions, disadvantages or fees when the Card is accepted that are not imposed equally on all Other Payment Products, except for electronic funds transfer, or cash and check,
- (vi) suggest or require Card Members to waive their right to dispute any Transaction,
- (vii) engage in activities that harm the American Express business or the American Express Brand (or both),
- (viii) promote any Other Payment Products (except Merchant's own private label card that Merchant issues for use solely at Merchant's Establishments) more actively than Merchant promotes the Card, or
- (ix) convert the currency of the original sale Transaction to another currency when requesting Authorization or submitting Transactions (or both).

MERCHANT may offer discounts or in-kind incentives from MERCHANT'S regular prices for payments in cash, ACH funds transfer, check, debit card or credit/charge card, provided that (to the extent required by Applicable Law): (i) MERCHANT clearly and conspicuously disclose the terms of the discount or in-kind incentive to MERCHANT'S customers, (ii) the discount or in-kind incentive is offered to all of MERCHANT'S prospective customers, and (iii) the discount or in-kind incentive does not differentiate on the basis of the issuer or, except as expressly permitted by applicable state statute, payment card network (e.g., Visa, Mastercard, Discover, JCB, American Express). The offering of discounts or in-kind incentives in compliance with the terms of this paragraph will not constitute a violation of the provisions set forth above in this Section 13.6, "Treatment of the American Express Brand".

13.7 Treatment of the American Express Marks. Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, MERCHANT must indicate MERCHANT'S acceptance of the Card and display our Marks (including any Card application forms provided to MERCHANT) as prominently and in the same manner as any Other Payment Products. MERCHANT must not use the American Express Marks in any way that injures or diminishes the goodwill associated with the Mark, nor (without prior written consent from Participant) indicate that American Express endorses MERCHANT'S goods or services. MERCHANT shall only use the American Express Marks as permitted by the Agreement and shall cease using our Marks upon termination of the Agreement. For additional guidelines on the use of the American Express Marks, contact Merchant's payment processing company.

13.8 Treatment of American Express Card Member Information. Any and all Card Member Information is confidential and the sole property of the issuer, American Express or its Affiliates. Except as otherwise specified, MERCHANT must not disclose Card Member Information, nor use nor store it, other than to facilitate Transactions at MERCHANT'S Establishments in accordance with the Agreement.

13.9 Disclosure to American Express. MERCHANT agrees that Bank and its merchant service providers may disclose Transactions Data, Merchant Data, and other information about the MERCHANT to American Express. MERCHANT agrees that American Express may use such information to perform its responsibilities in connection with the Program, promote the American Express Network, perform analytics and create reports, and for any other lawful business purposes, including marketing purposes within the parameters of the Agreement. Additionally, any information obtained in the Merchant Payment Card Application may be used by American Express to screen and/or monitor MERCHANT in connection with American Express Card marketing and administrative purposes.

13.10 Marketing Opt-Out. In order to opt-out of American Express newsletters or messages about products, services and resources for different forms of communications, MERCHANT must inform Bank of its request to opt-out via the Merchant Payment Card Application, via telephone or by providing written notice as provided for in this Agreement.

13.11 Third Party Beneficiary. MERCHANT agrees that American Express is a third party beneficiary to this Agreement, but American Express does not have obligations to the Merchant, and American Express may enforce the terms of this Agreement against the MERCHANT.

**SPECTRIO SERVICES AND HARDWARE AGREEMENT
FOR BUSINESS ESTABLISHMENTS**

This **SPECTRIO SERVICES AND HARDWARE AGREEMENT** (the "SSHA") is entered into by and between Spectrio, LLC ("Spectrio"), a Delaware limited liability company headquartered at 4033 Tampa Road, Suite 103, Oldsmar, FL 34677 and the party identified in the Order Form below as "Client" for the client premises set forth in the Order Form for services set forth in **Exhibit A** (the "Spectrio Services") subject to the Standard Terms and Conditions for Business Establishments attached hereto as **Exhibit B** (the "Standard Terms"). All Exhibits attached hereto are hereby incorporated by reference into and made a part of this SSHA. Each of Spectrio and Client is a "Party" and are, collectively, the "Parties." This SSHA commences as of the Effective Date specified in **Exhibit A** attached hereto.

ORDER FORM

Client Name:

Client Billing Address:

Primary Contact Name (PCN):

PCN Title:

PCN Phone:

PCN Fax:

PCN Email:

PCN Cell:

Client Premises:

Store #:

Primary Brand:

Additional Notes: Ship To Info:

ACCEPTED AND AGREED TO BY:

CLIENT

Signature:

Designated by: _____
SAGATEMIRI

Printed Name:

Title:

Date:

EXHIBIT A
SPECTRIO SERVICES, PRODUCTIONS & EQUIPMENT

I. SERVICES, PRODUCTION & EQUIPMENT TO BE PROVIDED:

Service, Production & Hardware	Quantity	Production Frequency	Price
In Store Music & Messaging Player	1.0	N/A	99.0
In-Store Music	1.0	NA	21.0
In Store Messaging Quarterly Updates	1.0	Quarterly	0.0
DS Media Player U1 32GB	1.0		99.0
Engage DS Digital Menu Board Service	1.0	NA	15.0

Bandwidth Requirements: Client will receive the Spectrio Services via Internet delivery. Client is responsible for providing network bandwidth and an open Ethernet port dedicated solely to delivery of the Spectrio Services during the applicable time periods set forth herein, at Client's sole expense. Delivery of the Spectrio Services is contingent upon Client's compliance with this obligation.

II. FEES:

Total # of Locations: 1

Total Service Fee (MONTHLY): 15.00

Total Hardware Fee: 198.00

Total One-Time Fee: .00

A. Installation and Activation Fee. Client will pay Spectrio the following one-time fee for the installation and configuration of the Equipment identified in Section II for each Client Premise identified in **Exhibit A**:

1. Pricing for Installation and Activation includes the following assumptions:
 - a. Standard electrical outlet available with a minimum of two open outlets at desired installation location;
 - b. Standard ethernet port available at the desired installation location for wired installation (preferred);
 - c. Installation no higher than 8 feet above floor (higher installations may require a lift);
 - d. Hollow drywall with metal or wood studs at installation site;
 - e. Installation performed during regular business hours;
 - f. Any additional materials, cable runs, lifts, after-hours installations, wireless applications, electrical work, and signal amplification equipment may affect final pricing; and
 - g. Site survey may be required to accurately assess installation variables and may affect final pricing.

B. Service Fee. For use of the Equipment and receipt of the Spectrio Services selected in Section I above, Client will pay Spectrio a periodic service fee (the "Service Fee") in the amount set forth above.

C. One Time Production. For single production services selected in Section I above, Client will pay Spectrio a one time fee.

D. Musical Works Performance Rights Fees. To cover all fees payable for the public performance of musical works embodied in sound recordings (e.g., the fees to be paid to ASCAP, BMI, and SESAC) as provided solely by Spectrio for the Services through the Equipment ("PRO Fees"), a periodic service fee is included with monthly fees.

Notwithstanding the foregoing, if the PRO Fees for ASCAP or BMI or other licensing organizations are increased at any time during the Initial Term or any Renewal Term, either by voluntary agreement or determinations by the so-called ASCAP and BMI rate courts sitting in the Federal District Court for the Southern District of New York, then Spectrio may pass through such incremental increases to Spectrio without markup on thirty (30) days' prior written notice.

E. Billing Frequency. Quarterly

III. TERM:

The Initial Term of this SSHA will commence as of 3/29/2022 (the "Effective Date") and will terminate on the last day of the calendar month that is 36 Months after the Effective Date (the "Initial Term").

EXHIBIT B
STANDARD TERMS AND CONDITIONS FOR BUSINESS ESTABLISHMENTS

These Standard Terms and Conditions (the "Standard Terms") are hereby incorporated into the SSHA to which they are attached. For the purposes of these Standard Terms, the use of the SSHA will include these Standard Terms and any other exhibits attached to the SSHA.

1. Services.

(a) **Music Programming.** Subject to Client's election of "Overhead Music" or "Tablet A," Specific will provide Client with pre-programmed channels of advertising-free music in a variety of genres ("Music Programming"). Client will not license the Specific Services outside of, or use the Specific Services outside of, the premises designated in Exhibit A.

(b) **Equipment.** Specific will provide the equipment for the Client Premises identified in Exhibit A (the "Equipment"). Specific reserves the right to replace any Equipment with compatible equipment, at Specific's sole discretion, upon 100 days' notice.

(c) **Installation, Configuration, and Maintenance.** Client will permit Equipment to be installed or used otherwise in the Client Premises commencing on the date set forth in the Order Form (the "Installation Date"). Specific makes no representation that all Equipment will be installed on the Installation Date, and Client will provide Specific, and any third-party service providers ("Providers") called upon by Specific for correct installation and maintenance, with reasonable access to Client Premises during normal business hours. Client will be solely responsible for the cost of compliance with any building code or other governmental requirements for installation of Equipment.

(d) **Specific Services.** Some or all of the Specific Services may involve services provided by Providers, including Music Licensing and distribution services. Specific will use commercially reasonable efforts to provide the Specific Services on a 24 x 7 x 365 basis, or such shorter periods of time as specified in Exhibit A. Specific Services require connectivity to Specific's computer servers and network. If Equipment located at Client Premises does not maintain a persistent connection to Specific's computer servers, then, in addition to any Specific's other rights under this SSHA, Specific may terminate all Specific Services effective as of the fourth (04th) day following any Equipment's last connection to Specific's computer servers.

(e) **Third-Party Intellectual Property.** Client acknowledges and agrees that the contents of the musical works and sound recordings provided as part of the Music Programming, and any identifying or associated materials thereof, including, but not limited to, album artwork (collectively, the "Licensed Music") pursuant to the SSHA (e.g., record labels, music publishers, and performing rights organizations) collectively, the "Third-Party Intellectual Property"), are protected third-party intellectual property of the Third-Party Intellectual Property owners, representatives, licensors, and licensors made by Client herein in the same extent as if the Third-Party Intellectual Property were Specific's intellectual property.

2. Term.

(a) **Initial Term.** The initial term of the SSHA will commence as of the Effective Date set forth in Exhibit A and terminate on the last date of the calendar month as specified in Exhibit A (e.g., if the Effective Date is January 1, 2017 and the term is eight (8) months, then the date of termination will be August 31, 2017) (the "Initial Term").

(b) **Renewal Term.** The renewal of the SSHA is automatic at the end of the Initial Term for recurring identical terms (the "Renewal Term") of service unless either party notifies the other of its desire to change or cancel within thirty (30) days prior to the end of the Initial Term or applicable Renewal Term.

(c) **Additional Locations.** Additional client service locations (the "Additional Locations"), not originally included in the Client Premises address of the Order Form, can be added to the SSHA through addendum. Each addendum shall require the signature or electronic authentication of each Party. All Specific Services and Standard Terms will be applied from the date the Specific Services are to begin at the Additional Locations, including a new Initial Term independent of the remaining length of the Initial Term or Renewal Term applied to the original Client Premises.

3. Rights Clearance.

Specific will be solely responsible for free due copyright owners of musical works, or their respective agents (e.g., ASCAP, BMI and SESAC), for the public performance of musical works embodied in Music Programming from Equipment in Client Premises solely as part of the Specific Services. CLIENT WILL BE SOLELY RESPONSIBLE FOR PAYING ANY PERFORMANCE ROYALTIES THAT MAY BE DUE FOR THE PUBLIC PERFORMANCE OF MUSICAL WORKS OR SOUND RECORDINGS WITHIN OR TO CLIENT PREMISES MADE BY ANY OTHER MEANS, INCLUDING, BUT NOT LIMITED TO, VIA LIVE MUSIC, ON-PREMISES DJ, PERSONAL MP3 PLAYERS (E.G., IPOD) OR OTHER NON-EQUIPMENT, AND, IN THE CASE OF SOUND RECORDINGS, AS PART OF AN INTERACTIVE SERVICE.

4. Payments to Specific.

(a) **Fee and Payment.** Client agrees to pay the Fee set forth in Exhibit A in accordance with these Standard Terms. Invoices ("Invoices") are issued at the frequency set forth in Exhibit A. Payment on Invoices is due upon receipt of the date of an invoice (the "Invoice Date"). Client is liable to pay fees as and where required will be a material breach of the SSHA. Payments must be in U.S. Dollars and sent to the following address: Specific, P.O. Box 190277, Charlotte, NC 28219-0277. Late payments will bear interest from the date such amount due at the rate of (i) 1.75% per month or (ii) the maximum allowable rate of interest in the State of the respective between sophisticated commercial entities. Client will reimburse Specific for legal fees and court costs incurred by Specific in enforcing payment from Client pursuant to this SSHA.

(b) **Taxes.** All Fees on Exhibit A are exclusive of applicable taxes. Client is responsible for all sales, use, property, value-added, withholding, or other federal, state, or local taxes (except for taxes based solely on Specific's net income). If Specific is required to pay any such taxes based on the Specific Services provided to Client under the SSHA, then such taxes will be billed to and paid by Client.

5. Support.

(a) **Standard Telephone Support.** Specific provides phone-based technical support Monday-Friday during the hours of 9 a.m. to 5 p.m. Eastern, state holidays excluded ("Live Support Window"). The technical support line ("Support Line") will be operated by staff ("Live Support Staff") trained in providing general support for the operation of the Equipment and delivery of the Specific Services. Calls received outside the Live Support Window will be answered by an answering service and returned within 24 hours of the first business day following receipt of a call by the Live Support Window.

(b) **Replacement Equipment.** If a Client-identified problem cannot be resolved with reasonable assistance from Specific within 24 hours of Client's first communication with Live Support Staff, and such problem is reasonably attributable to the Equipment, then Specific will promptly arrange for a service visit and, if necessary, provide replacement Equipment. If Equipment needs to be replaced due to normal, unforeseen, theft, vandalism, accident, power surge, fire, lightning or any other point-of-failure or its use or omission of Client, then Client will bear the cost for replacement Equipment and the shipping costs for same. Specific will bear the cost of replacement Equipment in the event of Equipment defects. Client will provide Specific and Providers with access to the Equipment at all times during Client's normal business hours for maintenance, repair, removal, or replacement, as necessary.

6. Equipment Integrity and Protection; Ownership.

(a) **Equipment Protection.** Client is solely responsible for maintaining Equipment in a secure location within Client Premises. Equipment must not be accessible to Client's customers in the ordinary course of business. Client will not cover up, remove, or otherwise obscure any identifying marks or words on any Equipment. Licensed Music and any other materials provided by Specific on Equipment may be subjected to prohibitive manufacturer access and use. Client is prohibited from tampering with, reverse engineering, reprogramming, or disassembling the Equipment, or attempting to access any content, including, but not limited to, Licensed Music, stored on, transmitted to, or transmitted from any Equipment. No removal may be utilized to obtain Specific Services without Specific's prior consent. Specific will maintain Equipment in good operating condition during the Term, exclusive of ordinary wear and tear and gross use of Equipment by Client and Client's employees.

(b) **Media.** If any Specific Services are delivered to Client Premises by means of digital or physical media and are not streaming (e.g., via tape, cassette, compact disc, or USB drive) ("Media"), Specific will replace and mail or otherwise deliver the Media to Client at no charge due to any defective Media. Such media may be programmed to automatically download to comply with applicable license terms. Upon expiration of the SSHA, Client must promptly destroy (with written notification of such destruction by an officer of Client) or return to Specific, at Specific's election, any Media provided to Client pursuant to the SSHA and will incur a charge of Fifty Dollars (\$50.00) per item of Media that is not returned or that is returned in damaged condition. Client will not cover up, remove, or otherwise obscure any identifying marks or words on any Media, including the name of Specific or any Media manufacturer.

(c) **Integrity of Content.** Client is not permitted to record, modify, sell, reproduce, transmit, retransmit, rent, lease, resell, or otherwise perform any Licensed Music included as part of the Specific Services, whether through the Equipment or otherwise, in whole or in part, without the prior written consent of Specific, which consent may be withheld for any reason or for no reason. The unauthorized reproduction or distribution of the Licensed Music is expressly prohibited and is a violation of law. Client will also not transmit any of the Specific Services delivered via the Equipment any content (e.g., audio advertisements) not authorized in writing to Specific. Client acknowledges that the Specific Services and the equipment in which Licensed Music is performed as part of the Specific Services are proprietary information of Specific and will be disseminated to Specific's personnel and will not be recorded, copied, written or any third media or medium, or disclosed to any third party other than through a third party's ability to hear such Licensed Music by being present at Client Premises. Client will protect all copyright owners' rights in the Licensed Music and such copyright holders reserve all rights in the Licensed Music that are not granted to Client under this SSHA.

(d) **Equipment Connection.** Client will ensure that the Equipment is left in the "On" setting and that the Equipment is connected to an uninterrupted power source and a fire-rated/heat-resistant connection capable of surviving temperatures from Specific's 24 x 7 x 365. Client will notify Specific at least five (5) business days in advance of any changes to Client's broadband connection or any individual network system equipment. Specific is not responsible for any failure of the Equipment or interruption to the Specific Services arising from changes to Client's broadband connection or individual network equipment.

(e) **Ownership.** All Equipment not purchased, Media, and content provided by Specific, including, but not limited to Licensed Music, will remain the property of Specific or its Providers or Third-Party Services. Nothing herein will give Client any right, title, or interest in or to the Equipment, Media or content other than the limited right to use the foregoing solely in accordance with the provisions of the SSHA, and Client may not directly or indirectly sell, pledge, mortgage, or otherwise the Equipment, Media or Licensed Music. Client may not remove the Equipment or Media from the Client Premises for which the Equipment and Media is intended.

7. Limitations.

(a) **Prohibited Use and Restrictions.** Nothing in this SSHA authorizes Client to use the Licensed Music except as expressly set forth herein. The Specific Services may only be made available through Equipment or Specific-approved equipment and only within Client Premises or the immediately surrounding vicinity (e.g., a lock or gate machine) to the Client Premises. The Specific Services may not be made available to any Client Premises for which an addendum fee is charged at the time the Specific Services are performed or to which dancing in conjunction with the Specific Services occurs. The Specific Services may not be used as an accompaniment to licensed health club classes. Client may not share with or transfer to others any Licensed Music accessed via the Specific Services. Unless the SSHA states otherwise, Client is not granted any commercial, sale, resale, rental, reproduction, distribution, or promotional use rights for any of the Licensed Music and nothing in this SSHA gives Client any right to sub-license the rights of the copyright holder thereof. The Specific Services may not be made available to any private home, apartment, guest room, or hotel or similar location. To the extent that Specific provides Client with account credentials for access to the Specific Services, Client may not share its Specific Services account details with any third party.

(b) **No Unpermitted Associations.** Except as may be embodied in the Licensed Music as provided to Client by Specific or Specific's licensors, the Specific programming, or any other content displayed within or on the Equipment, will not contain content of, engage in, or otherwise (and will not cause, link to, advertise, or otherwise include any other website or media that contains content of, engage in, or otherwise) that: (i) is or may be defamatory, libelous, threatening, defamatory, obscene, harassing or discriminatory; (ii) violates or infringes (a) the rights of any third party (including intellectual property, trade and database and privacy/protection digital), (b) digital/anal/analog copyright, (c) promotional, trademark, distribution, or digital activities, (d) advertisement, (e) trademark, (f) trademark or other identifiable products with which Specific typically do not wish to be associated, (g) constitute any religious or political cause or candidate, (h) is or may be unconstitutionally discriminatory or hateful in or otherwise objectionable to Specific's Licensed Music, the SSHA, or the music industry, or (i) is or may be objectionable to Specific's Licensed Music based upon reasonable grounds of which Specific may notify Client from time to time. Client

event promote or public the availability of any application, service, product or program that is intended to permit unauthorized access to audio or audio-visual content.

8. Termination and Suspension.

(a) **Termination.** The Parties may mutually agree to terminate the SSSA at any time in a writing signed by an officer or authorized representative of each Party. In addition to any other remedy available at law or in equity, either Party may terminate the SSSA immediately, without further obligation to the other Party, in the event of a material breach of the SSSA by the other Party that is not remedied within thirty (30) days following written notice of such breach. Notwithstanding the foregoing, if Client fails to pay any fees as and when required, in addition to the remedies set forth herein, Spectra may immediately suspend the Spectra Services during such period of non-payment. Spectra may terminate the SSSA immediately for any breach of Sections 1, 6 or 7 of these Standard Terms. Spectra may incur its costs, including outside legal fees and court costs, arising out of Spectra's termination of this SSSA. Additionally, upon Spectra's termination of Client's breach of Section 3, the amount advanced payable under the SSSA (including past due and unpaid amounts) will become immediately due and owing from Client to Spectra.

(b) **Effect of Termination.** Upon the termination of the SSSA, Client will, at Client's sole expense, and at Spectra's direction, promptly return to Spectra all Equipment located in Client Premises in good condition (or pay the full replacement value thereof), ordinary wear and tear excepted. Spectra will not be required to return, replace, or otherwise re-constitute the Client Premises to their original condition. All writing created by or for Spectra will be the property of the Client. Upon termination, Client's rights to use or access the Licensed Music hereunder will terminate, and Client will be solely responsible for any royalties due for any reproduction, distribution, public performance, or communication to the public of any musical works and sound recordings made within or to Client Premises.

(c) **Suspension.** Notwithstanding any other remedial Spectra may have under the SSSA or at law or in equity, Spectra may temporarily suspend all or any portion of the Spectra Services: (i) in the event of a material breach of the SSSA; (ii) if required or otherwise directed by a licensor of the Licensed Music; or a Provider; (iii) if Spectra deems it reasonably necessary to protect Equipment, third-party content, or Spectra's reputation; or (iv) if Client is in material breach of the terms of the SSSA.

9. Representations and Warranties.

(a) **Material.** Each Party represents and warrants to the other that: (i) it has the right, power, and authority to enter into this SSSA and to perform the acts required of it hereunder; (ii) the execution of this SSSA by each Party, and the performance by each Party of its obligations and duties hereunder, do not and will not violate any agreement to which each Party is a party or to which it is otherwise bound; (iii) when created and delivered by each Party, this SSSA will constitute the legal, valid and binding obligation of each Party, enforceable against each Party in accordance with its terms; and (iv) each such Party acknowledges that Spectra makes no representations, warranties, or agreements related to the subject matter hereof that are not expressly provided for in this SSSA.

(b) **Spectra.** Spectra represents, warrants and covenants that it is a Provider (i) is licensed to provide the Spectra Services; (ii) has obtained all rights, authorizations, and permissions necessary to provide Licensed Music to Client Premises; (iii) will pay any royalties due for the public performance or reproduction of any Licensed Music; and (iv) will perform all of its obligations as a professional and workmanlike manner.

(c) **Client.** Client represents, warrants, and covenants that it: (i) will be responsible for paying any performance royalties due for the public performance of musical works within Client Premises by any means other than via Spectra Services to Client Premises; (ii) will not copy, create, destroy, interfere with, or attempt to obtain unauthorized access to any Equipment or any Licensed Music reproduced/therein without Spectra's express written consent; (iii) will not transmit, retransmit, record, or dub the Licensed Music; (iv) will comply with all applicable laws in connection with its use of the Spectra Services and the Licensed Music; (v) all information provided by Client in any Exhibit is true, complete, and correct; and (vi) will offer the Spectra Services to Client Premises as provided by Spectra without alteration of any kind.

10. Indemnification.

(a) **Indemnification by Client.** Client will indemnify, defend, and hold harmless Spectra from and against any liability, damage, claims, or any litigation cost or expense (including, but not limited to, reasonable outside attorney's fees), arising out of any third-party claim or "Claim" brought against Spectra arising from (i) Client's breach of any agreement, representation or warranty contained in the SSSA or (ii) any losses or injuries caused by accident, fire, theft, misuse, damage to or of the Equipment (normal wear and tear excepted). Client will further indemnify Spectra for any costs incurred in the enforcement of this SSSA against Client.

(b) **Indemnification by Spectra.** Spectra will indemnify, defend, and hold harmless Client from and against any Claim brought against Client alleging that the Licensed Music infringes any copyright or trademark right of any third party. Spectra will have no liability to the extent any alleged infringement arises from (i) permission to the Spectra Services provided through Equipment in Client Premises; (ii) the use of any Spectra Services with any non-Spectra approved equipment or in any location not authorized in the SSSA; or (iii) the use of Equipment in a manner for which it was neither designed nor contemplated.

11. Disclaimer, Limitation of Liability.

(a) DUE TO THE INHERENT UNRELIABILITY OF COMMUNICATIONS NETWORKS, SPECTRA WILL HAVE NO LIABILITY TO CLIENT OR ANY THIRD PARTY FOR ANY INTERRUPTION OF THE SPECTRA SERVICES CAUSED BY EQUIPMENT FAILURE, NETWORK INTERRUPTION,

OR ANY OTHER CAUSE BEYOND THE REASONABLE CONTROL OF SPECTRA. THE EQUIPMENT AND SPECTRA SERVICES ARE PROVIDED "AS IS" AND "WITH ALL FAULTS," EXCEPT AS EXPRESSLY STATED IN THIS SSSA. NO WARRANTIES, CONDITIONS, GUARANTEES, OR REPRESENTATIONS (AS USED HEREIN, "WARRANTIES") ARE MADE AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR ARISING FROM A COURSE OF DEALING, TITLE, USAGE OF TRADE, OR COURSE OF PERFORMANCE OR OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED IN LAW OR IN FACT, ORAL OR IN WRITING, EACH PARTY HEREBY ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY WARRANTY MADE BY THE OTHER EXCEPT AS SPECIFICALLY SET FORTH IN THIS SSSA.

(b) IN NO EVENT WILL SPECTRA BE LIABLE TO CLIENT FOR LOST PROFITS, FAILURE TO REALIZE EXPECTED SAVINGS, OR FOR ANY INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS SSSA, EVEN IF ADVISED OF THE POSSIBILITY THEREOF. IN NO EVENT WILL SPECTRA'S LIABILITY TO CLIENT EXCEED THE TOTAL AMOUNT OF MONTHLY FEES PAID TO SPECTRA DURING THE TWELVE (12)-MONTH PERIOD PRIOR TO CLIENT'S CLAIM AGAINST SPECTRA.

12. General Provisions.

(a) **Entire Agreement.** The SSSA sets forth the entire agreement between the Parties and supersedes any and all prior agreements, understandings, and discussions (whether oral or written) of the Parties with respect to the relationship set forth herein. No Party will be bound by and each Party specifically objects to, any terms, conditions, or other provisions which are different from or in addition to the provisions of this agreement (whether or not it would materially alter the SSSA) and which is proffered by another Party in any correspondence or other document, unless the Party to be bound thereby specifically agrees to such provision by signed agreement. No material change, amendment, or modification of any provision of the SSSA will be valid unless set forth in a written instrument.

(b) **Fees.** Spectra reserves the right to increase prices to more than ten percent (10%) per year, inclusion of any fees related due to licensing actions.

(c) **Assignment.** The SSSA will be binding upon and inure to the benefit of the Parties and their respective successors and assigns. Client may not assign its rights and obligations under the SSSA to any third party without Spectra's prior written approval, which may be withheld for any reason. In the event of an assignment by Client, Client will not be released of any then-due and owing Spectra as of the date of such assignment. Spectra may accept any of its rights or obligations under the SSSA, in whole or in part to any third party at any time.

(d) **Waiver.** Unless agreed to in writing, the waiver by a Party of any breach, violation, or default of a provision of the SSSA will not operate as a waiver of any subsequent breach, violation, or default of this or of any other provision. No extension of time for the performance of any obligation or act shall be deemed to be an extension of time for the performance of any other obligation or act.

(e) **Force Majeure.** In the event a Party is materially unable to perform any of its obligations under the SSSA because of natural disaster, pestilence, epidemic, failure, Acts of God, fire, war, governmental action, network failure, electricity outage or any other event beyond the reasonable control of the Party (excluding financial inability) or "Force Majeure", then each Party will, upon written notice to the other Party, be relieved from its performance of such obligations for the duration of such Force Majeure.

(f) **Choice of Law; Choice of Forum.** This SSSA is governed by and construed in accordance with the laws of the Florida without regard to conflicts of law principles. Any and all proceedings relating to the subject matter of this SSSA will be maintained in the courts of or in the United States District Court for which courts will have exclusive jurisdiction for such purposes, and Client hereby consents to the personal jurisdiction of such courts and waives any claim of forum non conveniens.

(g) **Relationship of the Parties.** The sole relationship between the Parties will be that of independent contractors. Nothing contained in the SSSA will be construed to constitute the Parties as partners, joint venturers or agents of each other in any way whatsoever. No Party will make any warranties or representations, or assume or create any obligations, on another Party's behalf except as may be expressly permitted hereby. Each Party will be solely responsible for the actions of its respective employees, agents, and representatives.

(h) **Advertising and Promotion.** Client agrees that Spectra may use Client's name, including any trade name, trademark, or logo owned or used by Client, in Spectra's publicity and for purposes of advertising Spectra's services, which advertising may be in printed, electronic and/or any and all other media now known or hereafter devised, as Spectra deems necessary, including on Spectra's website(s), social media and marketing materials.

(i) **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the validity of any other provisions of this Agreement, and in the event that any provision is determined to be invalid or otherwise illegal, this Agreement will remain in effect and will be construed in accordance with its terms as if the invalid or illegal provision were not contained herein, provided that the Parties will negotiate in good faith an equitable adjustment to this Agreement so as to give effect to the intent expressed and the benefits so provided.

###



NIHC Credentialing Application

Please read, complete, and sign this form in the space provided. If additional space is needed, attach a separate sheet. Your written authorization is required as a condition of your employment

Print Doctor Name:

(First) (Middle) (Last)

Former Name (Alias) and Dates Used: _____

Home Address Since:

(Last 5 Years) (Mo/Yr) (Street)

(City) (Zip/State)

Practice Address Since:

(Last 5 Years) (Mo/Yr) (Street)

(City) (Zip/State)

Telephone #: _____ EMAIL : _____

DL #: _____ DOB : _____

Medical Lic #: _____ SSNR: _____

Are you an existing DC at The Joint? **YES/NO** Are you a newly hired DC at The Joint? **YES/NO**

A Current copy of Malpractice declaration page must be attached along with their license.

I hereby authorized NIHC Group to investigate my background and qualifications for purposes of evaluating whether I am qualified for the position of Doctor of Chiropractic. I understand that NIHC Group may utilize an outside firm or firms to assist it in checking such information, and I specifically authorize such an investigation to include, but not limited , the following areas: verification of social security number; credit reports; current and previous residences; current and previous employment history; education background; professional license; malpractice claims; character references; drug testing; civil and criminal history records from any jurisdiction(s); driving records; birth records; and any other public or industry records.

The information contained in this authorization is correct to the best of my knowledge.

DC Provider Signature

Date

PRIMARY CLINIC:

Name of the Provider: _____

Clinic Main Contact and Phone: _____

Clinic Name: _____

Physical Address: _____

Practice Mailing Address: _____

Franchisee Name: _____

Physical Address: _____

Phone: _____ Fax: _____

E-Mail: _____

Include:

- Copy of license of each doctor
- Copy of malpractice Certificate of Insurance for each doctor

ADDITIONAL CLINIC:

Clinic Name: _____

Physical Address: _____

Clinic Mailing Address: _____

Franchisee Name: _____

Physical Address: _____

Phone: _____ Fax: _____

E-Mail: _____

Include:

- Copy of license of each doctor
- Copy of malpractice Certificate of Insurance for each doctor

NIHC Credit Card Authorization Form

Please complete all fields. You may cancel this authorization at any time by contacting us. This authorization will remain in effect until cancelled.

Practice/Franchisee Name: _____

Credit Card Information Card Type: <input type="checkbox"/> MasterCard <input type="checkbox"/> VISA <input type="checkbox"/> Discover <input type="checkbox"/> AMEX <input type="checkbox"/> Other _____
Cardholder Name (as shown on card): _____
Card Number: _____
Expiration Date (mm/yy): _____ CVV: _____
Billing Street Address: _____
Billing City & State: _____
Billing Zip Code: _____

I, _____, authorize National Integrated HealthCare Group LLC to charge my credit card above for agreed upon purchases. I understand that my information will be saved to file for future transactions on my account.

Customer Signature

Date

The above charge(s) will appear on your statement as NIHC Credentialing.

Authorization: I agree that this is a timely charge that will be processed as indicated above (if applicable). I hereby agree and acknowledge that I will not dispute NIHC Group recurring billing with my credit card issuer. I guarantee and warrant that I am the legal cardholder for this credit card, and that I am legally authorized to enter into this recurring billing agreement with NIHC Group. In the event the credit card expires, or any charges are denied, I do hereby agree to provide NIHC Group with a new and valid card within 48 hours of expiration or denial. I further authorize a \$35.00 service charge for denied, cancelled or terminated payments not in accordance with this Agreement.

Recurring Billing: I hereby acknowledge that there will be no advance notice of billing and authorize National Integrated HealthCare Group (NIHC Group) to process recurring payments (if applicable for malpractice renewal verification, license renewal verification etc.). If the DC separates from my practice, I will notify NIHC immediately. This authorization will remain in effect until cancelled.

Bluebook Ordering Instructions



The Joint Bluebooks must be ordered by the franchisee through Red Book Solutions.

Website Orders:

<https://store.redbooksolutions.com/joint/index.php/customer/account/login/>

Direct Orders:

You can order directly with their team through email or by phone. They will work with you to confirm your order and shipping preferences.

- Direct Customer Care: 1-800-526-9635
- Direct Email: CustomerCareMRB@hotschedules.com

When sending an email order, copy and paste the below info into the email. You will receive a reply with a confirmation for your order.

Subject Line: The Joint Bluebook

Contact Information

Name:
Phone:
Email:

Billing Information

Company Name:
Clinic #:
Billing Address:
City:
State:
Zip:
Clinic Phone:
Clinic Fax:
Payment Preference: Net 30-days invoicing or Credit Card

Shipping Information

Shipping Address:
City:
State:
Zip:

Disclaimer: The information provided is for guide purposes only and is not intended to offer health care advice, patient recommendations, assessment of a patient's condition, or interfere with doctor/patient relationship. Each patient is an individual and any care or referral provided is strictly up to the professional judgment of the licensed Doctor of Chiropractic at The Joint. © 2020 The Joint. All Rights Reserved.

**National Integrated HealthCare Group – Credentialing Application and Services Agreement for The Joint
Chiropractic Clinic(s)**

This Credentialing Application and Services Agreement for *The Joint Chiropractic*® Clinic(s) (the "Agreement") is made effective as of the date last set forth below at the signature page ("Effective Date"), by and between *The Joint Chiropractic* franchise owner _____ ("Franchisee"), and NATIONAL INTEGRATED HEALTHCARE GROUP, LLC, a Texas limited liability company with offices located at 539 W. Commerce St., Ste. 1140, Dallas, TX 75208 ("Company"), collectively referred to herein as the "Parties" (or individually, as a "Party").

AGREEMENT

For and in consideration of the mutual promises, releases, agreements, and covenants set forth below, the Parties agree as follows:

1. **Service Obligations.** Franchisee is the owner and operator of one or more *The Joint Chiropractic* clinics (each a "Franchisee Clinic") and agrees to engage Company's services as an independent contractor in accordance with the terms and conditions herein. Company will be expected to provide prompt and complete credentialing of chiropractic personnel and related services, reports and deliverables as further defined below (the "Services") for *The Joint Chiropractic*® franchise owners and any applicable and authorized affiliated legal entities (collectively, "Franchisees" each operating a "Franchisee Clinic"). Both Franchisee and shall complete and execute the form of **Credentialing Application** ("Credentialing Application") attached hereto at **Exhibit A**. The terms of this Agreement shall be incorporated into, and govern, each Credentialing Agreement. This Credentialing Agreement shall include details of any billing, invoicing and payment details and Clinic-specific agreements. The Credentialing Agreement shall also include all "Credentialing Requirements" at **Exhibit B** hereto (as determined by the Company and third parties delivering some or all of the Services) to ensure Franchisee is fully aware and notified of such for compliance purposes.

2. **Master Services Agreement.** This Credentialing Agreement is governed by the terms of the Master Services Agreement entered into by *The Joint Corp.*, a Delaware corporation and the Company dated as of its separately defined "Effective Date." Franchisee agrees and acknowledges that it has had the opportunity to read and understand the terms of the Master Services Agreement, and that Franchisee further agrees and acknowledges to be fully bound by the terms of the Master Services Agreement as incorporated to and governing the terms of this Credentialing Agreement. Any conflict between this Agreement and the Master Services Agreement shall be governed by the Master Services Agreement.

3. **Services and Fees.** Company agrees to provide the following Services to Franchisee for the Franchisee Clinic(s) as detailed below on the Credentialing Application:

- a. Background check including Fraud Abuse Control Information System (FACIS) Level 3
- b. Education verification
- c. License verification
- d. Joint specific malpractice verification
- e. Ongoing monitoring of Department of Health and Human Services Office of Inspector General (OIG) and licensure board sanctions

Service Package and Credentialing Fees. The Services shall be delivered to Franchisee through the purchase of a "Service Package," which shall include the above Services, including the related deliverables and reporting. The applicable fees for the Services/Service Package and any other fees or expenses shall be set forth and detailed at **Schedule 1** below ("Credentialing Fees"). Company agrees that the Credentialing Fees shall remain unchanged and in effect through the Initial Term. Company further agrees that any change to the Credentialing Fees subsequent to the Initial Term shall only take effect thirty (30) days following written notice to Franchisee (email shall suffice).

4. **Term and Termination**

A. Term and Termination. This Agreement shall be in effect for an initial term of one (1) year ("Initial Term"), beginning on the Effective Date, and will thereafter automatically renew for successive one-year terms (each, a "Renewal Term") until terminated in accordance with the provisions hereof. The Initial Term and any Renewal Terms shall collectively be referred to as a the "Term." After the Initial Term, Franchisee shall have the right to terminate this Agreement for any reason after first giving Company thirty (30) days advance written notice of Franchisee's intent to do so, provided the Franchisee's account is paid to date. If Franchisee has selected to pay the account via the convenience of any payment plan, the balance of the account must be paid in full upon termination. Termination of this Agreement shall not terminate the rights or obligations of either Company or Franchisee arising during the period when this Agreement was in force and effect. Company shall not be obligated to return to Provider any portion of the Company's Fees upon termination, unless Company breaches the terms of this Agreement. In such event, Franchisee shall be entitled to a refund of Fees paid during such breach, refund to be paid within ten (10) days of the date of termination of Agreement.

B. Breach with Cure Opportunity. In the event that a Party breaches any material term of this Agreement (unless in accordance with Subsection C below), and such breach shall remain un-remedied for a period of seven (7) calendar days after written notice of such breach from the non-breaching Party, the non-breaching Party may immediately terminate this Agreement upon written notice to the breaching Party; provided however that each active Credentialing Agreement shall remain active unless and until either of those applicable executing parties elect to renew or to terminate the applicable Credentialing Agreement.

C. Breach with No Cure Opportunity

1. By Franchisee. Franchisee may terminate this Agreement effective immediately, upon written notice, if (a) Company is named as a defendant in a criminal proceeding for a violation of Health Insurance Portability and Accountability Act (HIPAA), Health Information Technology for Economic and Clinical Health (HITECH), or other security or privacy laws or (b) there is a finding or stipulation that Company has violated any standard or requirement of HIPAA, HITECH, or other security or privacy laws in any administrative or civil proceeding in which Company is involved.

2. By Company. Company may terminate this Agreement effective immediately, upon written notice, if Franchisee (a) should cease for any reason to be properly licensed or registered to practice the Services specified by this Agreement; (b) commits any act of fraud, whether related to the provision of Services or otherwise, against either Company or any third-party payor regardless of whether or not such contract has been secured by the Company; (c) fails to Provider fails to pay any Fees required in this Agreement following Company's delivery of notice of failure to pay such Fees and ten (10) days following Franchisee's receipt of such notice;

D. Review Following Termination. Should Franchisee dispute Company's termination of this Agreement, Franchisee shall deliver written notice to Company of Franchisee's desire for Company to review such termination. Such notice shall include all records, documentation and information Franchisee wishes for Company to consider in its review. Within thirty (30) days of Company's receipt of written notice, Company will review all records, documentation and information submitted, and deliver to Franchisee a final written determination of Franchisee's request for reinstatement.

5. Franchisee Obligations

A. Franchisee agrees to maintain any patient medical records in its possession in strictest confidence in accordance with applicable federal and state laws, rules and regulations, including applicable provisions of HIPAA, HITECH and regulations promulgated thereunder, as they may be amended from time to time; and to ensure accuracy of beneficiary medical, health and enrollment information and records; and to maintain such records for a period of not less than ten years.

B. Franchisee warrants that all information provided to Company for Credentialing Requirements are valid and accurate.

C. Franchisee agrees to immediately notify Company of, and provide Company with, all information pertaining to any disciplinary action, malpractice action, legal action or judgment against Franchisee (or

any of the personnel Franchisee seeks Credentialing); any sanction by the Medicare or Medicaid Programs; or Franchisee's failure for any reason to meet the Credentialing Requirements. Such events may result in Franchisee's suspension or termination from Company.

D. Franchisee warrants it is in compliance with all applicable laws, regulations, and rules that apply to their ability to provide services under this Agreement, including, if applicable, Medicare, Medicaid and Centers for Medicare and Medicaid Services (CMS) laws, and any local, state, and federal regulations, reporting requirements, and CMS instructions.

E. Franchisee agrees not to discriminate in the treatment of any patient or in the quality of services provided to any patient on the basis of race, sex, age, religion, marital status, national origin, physical or mental handicap, health status, or source of payment, and to provide services which are of a quality consistent with generally accepted standards and practices in the medical community.

F. Franchisee may, at any time, review the information submitted to Company in support of their initial or re-credentialing form. If Company receives information that varies substantially from the information submitted by the Franchisee, the Franchisee will be notified by appropriate verbal or written means of their failure to pass the credentialing process and be given the opportunity to explain the discrepancy and/or correct erroneous information prior to approval or denial/termination of the credentialing process. The notification to the Franchisee will outline when, how and to whom the information should be submitted and will describe the appeal process including documentation to be submitted by practitioner, criteria, schedule and who will hear the appeal.

G. Franchisee acknowledges and agrees that Company is required to follow national credentialing guidelines concerning any documented sanctions or actions not previously reported to appropriate entities. Company may utilize appropriate verbal or written communications to clarify any finding with Franchisee. Should Company determine that its' finding require reporting to appropriate entities, Franchisee acknowledges that Company may do so.

H. Franchisee acknowledges it have or will set standards and thresholds for office-site criteria and medical treatment record-keeping practices within Franchisee's Clinic for each of the following categories: Physical Accessibility, Physical Appearance, Adequacy of Waiting/Examining Room Space and, Adherence to Patient Privacy.

6. Indemnification. Each of the Company and Franchisee shall indemnify and hold harmless the other, including its subsidiaries, affiliates, predecessors, successors and assigns, and each of their respective officers, directors and employees (including The Joint Corp.), harmless from and against any and all loss, liability, claims, demands or suits (including, without limitation, reasonable attorneys' fees, court and expert costs, and travel expenses) which arise out of: (i) the Master Services Agreement, the Credentialing Agreement, the Services or the breach of any of the representations, warranties or agreements made by either Party in the Master Services Agreement or Credentialing Agreement (including, without limitation, damages caused by any violations by law by either Party); (ii) disclosure to an unauthorized party of the Confidential Information; or (iii) the alleged negligence, misconduct, error or omission of either Party, its employees, agents, affiliates, assigns, independent contractors, officers, directors or principals.

7. Governing Law and Dispute Resolution. A dispute between the Company and Franchisee relating to one or more Franchisee Locations located within a single state will be resolved pursuant to the laws of that state without regard to conflict of laws. The prevailing party shall be entitled to recover from the non-prevailing party, its reasonable attorneys' fees, court costs and expert witness expenses. Franchisee and Company hereby irrevocably waive any rights to require other jurisdictions or other dispute resolution process; unless Franchisee and Company agree by separate writing.

8. No Discriminatory Practices. Company represents that it does not discriminate in the credentialing process on the basis of color, creed, religious affiliation, sexual orientation, national origin, or physical abilities.

9. Notices. All notices required or permitted to be given by one Party to another under this Agreement shall be in writing, and shall be deemed sufficient if either delivered in person or sent by overnight delivery service, by email to one or more of the customarily used email addresses, or by registered or certified mail return receipt.

requested, to the Parties at the addresses provided herein or to the address of a legal entity of either Party. Any change of address must be furnished to the other party in writing (email shall suffice).

10. **Franchisee Representations.** The person executing this Agreement on behalf of Franchisee, by such execution, warrants and represents that he/she has the authority to execute this Franchisee Agreement on behalf of Franchisee, and intends to be bound by this Agreement and the Master Services Agreement. Franchisee (including its owners individually) shall indemnify and hold harmless The Joint Corp., its subsidiaries, affiliates, predecessors, successors and assigns, and each of their respective officers, directors and employees, harmless from and against any and all loss, liability, claims, demands or suits (including, without limitation, reasonable attorneys' fees, court and expert costs, and expenses) which arise out of: (i) this Agreement, the Master Services Agreement, the Services, or the breach of any of the representations, warranties or agreements made by Franchisee in this Agreement or the Master Services Agreement (including, without limitation, damages caused by any violations by law by Franchisee); (ii) disclosure to an unauthorized party of the Confidential Information; or (iii) the alleged negligence, misconduct, error or omission of Franchisee, its employees, agents, affiliates, assigns, independent contractors, officers, directors or principals. Complete terms and conditions of this Franchisee Service Agreement include any and all terms and conditions included in the Master Services Agreement, which are incorporated herein by reference, and may upon request. Franchisee further agrees and warrants that The Joint Corp. is hereby granted the authority and consent (and any necessary agency) by Franchisee to review and retain the Services (including all deliverables and reports) generated by Company and delivered to Franchisee in accordance with the terms of this Agreement. Franchisee acknowledges and agrees that this Agreement does not provide any financial incentive or make any payment that results, directly or indirectly, in an inducement to limit medically necessary services.

11. **Digital Signatures and Counterparts.** The Parties agree that faxed, digital, electronic, scanned or photocopied signatures are acceptable as original signatures in execution of this Agreement. This Agreement may be executed in as many counterparts as may be deemed necessary or convenient, and by the different Parties on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

"FRANCHISEE"

"COMPANY"

**NATIONAL INTEGRATED HEALTHCARE
GROUP, LLC, a Texas
limited liability company**

By: _____

By:  _____

Name: _____

Name: **Hasnain Saboowala**

Title: _____

Title: **President**

Date: _____

Date: **04/28/2021**

Schedule 1 – Credentialing Fees

TASK	Frequency	Quote, Per Provider	Comments
Background check including FACTS Level 3	Initial	\$15.00 one-Time Fee	This is a one-time fee, per provider per Background check at the initial on-boarding
Education verification	Initial	\$12.00 one-time fee	We can obtain a letter from the Licensing boards stating that they verify the provider's education <u>prior</u> to issuing a license and this does meet the NCQA National Guidelines
License verification check and on-going license monitoring	Monthly	\$18 yearly fee	
Board/ORG sanction monitoring	Monthly	\$18 yearly fee	
Required malpractice insurance verification (specific to The Joint that have to be visualized)	Initial and as expired	\$12.00 a yr/when expired	
Background check including FACTS Level 3 (For Alias ONLY)	Initial	\$15.00 one-Time Fee	This is a one-time fee, per provider per alias check at the initial on-boarding
License verification fees where there are applicable fees which we have to pay to the state eg. OK		TBD as it varies by state State fee plus \$15 NIHC fee for labor	

Please Note There will be a CC transaction fee (5% of the amount) when we accept CC payments on top of the above fees listed

Exhibit A – Credentialing Application

Credentialing Application

Please read, complete and sign this form in the space provided. If additional space is needed, attach a separate sheet. Your written authorization is required for completion of the pre-employment process.

Print Name: _____
(First) (Middle) (Last)

Former Name (Alias) and Dates Used: _____

Home Address Since: _____
(Last 5 Years) (Mo/Yr) (Street)

(City) (Zip/State)

Practice Address Since: _____
(Last 5 Years) (Mo/Yr) (Street)

(City) (Zip/State)

Telephone #: _____ SSN: _____

DL #: _____ DOB : _____

Individual NPI#: _____ Group NPI#: _____

Medical Lic #: _____ Tax ID#: _____

Current copy of Malpractice declaration page must be attached

I hereby authorized _____ to investigate my background and qualifications for purposes of evaluating whether I am qualified for the position for which I am applying. I understand that _____ may utilize an outside firm or firms to assist it in checking such information, and I specifically authorize such an investigation to include, but not limited, the following areas: verification of social security number; credit reports; current and previous residences; current and previous employment history; education background; professional license; malpractice claims; character references; drug testing; civil and criminal history records from any jurisdiction(s); driving records; birth records; and any other public or industry records.

The information contained in this authorization is correct to the best of my knowledge.

Provider Signature

Date

PRIMARY CLINIC:

Name of the Provider

Clinic Main Contact and Phone

Clinic Name

Physical Address

Practice Mailing Address _____

Franchisee Name _____

Physical Address Phone _____ Fax _____ E-Mail

Include:

- Copy of license of each doctor
 - Copy of malpractice Certificate of Insurance for each doctor
-

ADDITIONAL CLINIC:

Name of the Provider

Clinic Name

Physical Address

Clinic Mailing Address: _____

Franchisee Name _____

Physical Address Phone _____ Fax _____ E-Mail

Include:

- Copy of license of each doctor
- Copy of malpractice Certificate of Insurance for each doctor

EXHIBIT L

**~~FORM OF TRANSFER AGREEMENT
AND GENERAL RELEASE AGREEMENT~~**

THE JOINT CORP.
TRANSFER AGREEMENT
(License # _____)

~~THIS TRANSFER AGREEMENT (the “Agreement”) is made and entered into and effective as of the _____ day of _____, 20__ (“the Effective Date”), by and between THE JOINT CORP., a Delaware corporation (“Franchisor”), and _____ (“Assignor” or “Franchisee”), and each undersigned owner of Assignor/Franchisee and his or her spouse (individually, a “Assignor or Franchisee Owner,” and collectively, the “Assignor or Franchisee Owners”), and _____ (“Assignee”), and each undersigned owner of Assignee and his or her spouse (individually, an “Assignee Owner,” and collectively, the “Assignee Owners”) (collectively, Franchisor, Franchisee/Assignor, Franchisee/Assignee Owners, Assignee, and Assignee Owners are referred to hereinafter as the “Parties”).~~

Recitals

~~WHEREAS, Franchisor and Franchisee previously entered into that certain Franchisee Agreement dated _____ and any and all addenda thereto (collectively the “FA”), granting to Franchisee that certain The Joint Corp. franchise in _____ (“Location”), and referred to as License # _____ (hereinafter the “Franchise” or “License # _____”);~~

~~WHEREAS, the FA provides as follows with respect to the Transfer (as defined below) of the FA, the Franchise, or any interest therein:~~

- ~~a. Section 14.4 of the FA states that any Transfer (as defined below) of the Franchisee’s interest in the FA or of Franchisee’s rights or privileges under the FA must be approved by Franchisor in writing before such Transfer may be made or become effective;~~
- ~~b. Section 14.5 of the FA sets forth certain terms and conditions that must be complied with, or that Franchisor may require be complied with, before any Transfer may be made or become effective; and~~

~~WHEREAS, Franchisee and/or each undersigned Franchisee Owner wish(es) to Transfer (as set forth in Section 14 of the FA) to Assignees the following interest (the “Transferred Interest”):~~

~~_____~~
~~_____~~

~~WHEREAS, Franchisor is willing to consent to the above Transfer of the Transferred Interest, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;~~

~~NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:~~

- ~~1. Recitals. The above recitals are hereby incorporated into and made part of this Agreement.~~
- ~~2. Consent to Transfer. Franchisor hereby consents to the Transfer of the Transferred Interest as described in the Recitals. The following conditions apply to the transfer:
 - ~~A. The Franchisor represents and warrants that the conditions for approval of Transfer as set forth in Section 14.5 of the FA, except to the extent such requirements have been otherwise addressed by the Parties, have been fully and completely satisfied to Franchisor’s satisfaction.~~~~

~~B. Notwithstanding the foregoing, the Assignor and Assignee understand that there are three options with respect to the amount of the transfer fee (“the Transfer Fee”) that must be paid before the Transfer will be approved, and before Franchisor will countersign this Agreement. The option selected shall affect the rights of the~~

Assignee. The three options available are:

~~_____~~ i. ~~Option 1: Payment of a Transfer Fee equal to 75% of the then current franchise fee for a The Joint™ Franchise.~~

~~_____~~ ii. ~~Option 2: Payment of a Transfer Fee of \$15,000.~~

~~_____~~ iii. ~~Option 3: Payment of a Transfer Fee of \$15,000, plus a pro-rated renewal fee added to get to a 10 year term (rounded to the nearest month).~~

~~_____~~ C. ~~The rights and obligations of the Assignee based on the amount of the Transfer Fee paid shall be as follows:~~

~~_____~~ i. ~~If Option 1 is selected, the Assignee shall assume the existing FA, and the Assignee shall have the rights of the Assignor for the remaining term of FA. For example, if the initial term of the FA commenced on January 1, 2010, the FA would expire on December 31, 2019, and the terms of renewal under the original FA would apply.~~

~~_____~~ ii. ~~If Option 2 is selected, the Assignee would be required to execute the Franchisor's current form of Franchise Agreement, but the remaining term under the new franchise agreement ("New FA") would be the same as the term of the original FA. For example, if the initial term of the original FA commenced on January 1, 2010, the New FA would expire on December 31, 2019, but the terms of renewal would be governed by the New FA.~~

~~_____~~ iii. ~~If Option 3 is selected, the Assignee would be required to execute a New FA, and the term of the New FA would be 10 years from the effective date of the New FA.~~

~~3. Release. Franchisee and/or each undersigned Franchise Owner, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former affiliated entities, and their respective officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through it (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities, whether arising prior to or after the date this Agreement is executed, and which are related to or arise out of the Transferred Interest, License #__, or the FA.~~

~~4. Non-Competition; Non-Solicitation; Confidentiality.~~

~~A. Definitions. Wherever used in this Section 5, the term "Franchisor" shall refer to Franchisor and any affiliate, subsidiary, or any successor or assign of Franchisor. Wherever used in this Section, the phrase "directly or indirectly" includes, but is not limited to, acting, either personally or as principal, owner, shareholder, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, trustees, agents, or associates of any of the undersigned parties. Wherever used in this Section, the term "employees" shall refer to employees of Franchisor; any affiliate, subsidiary, or any successor or assign of Franchisor; and any franchisee of Franchisor existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the twelve (12) months preceding the date of this Agreement. Whenever used in this Section, the term "Confidential Information" shall be defined as provided in Section 9.1 of the FA, which provisions are hereby incorporated by reference.~~

~~B. Consideration. The undersigned Parties acknowledge that consideration for this Agreement has been provided and is adequate. The consideration includes, but is not limited to, the granting of the Franchise to Franchisee and/or each undersigned Owner, and Franchisor's consent to the Transfer of the Transferred Interest as provided in this Agreement.~~

~~C. Need for this Agreement. The undersigned Parties recognize that in the highly competitive business in which Franchisor and its affiliates and franchisees are engaged, preservation of Confidential Information is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of Franchisor. Franchisee and/or each undersigned Owner recognize that it has had substantial contact with Franchisor's employees, customers, and suppliers and Confidential Information. For that reason, Franchisee and/or each undersigned Owner may be in a position to take for his or her benefit the Confidential Information and goodwill Franchisor has with its employees and Confidential Information now or in the future. If Franchisee and/or each undersigned Owner, after the Transfer of the Transferred Interest as provided in this Agreement, takes advantage of such Confidential Information or goodwill for Franchisee's and/or each undersigned Owner's own benefit, then the competitive advantage that Franchisor has created through its efforts and investment will be irreparably harmed.~~

~~D. Non-Competition with Franchisor. Franchisee and/or each undersigned Owner of Franchisee agrees that for twenty-four (24) months following the date of this Agreement, neither Franchisee, nor any Owner, nor any member of Franchisee's or an Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within twenty-five (25) miles of the Franchisee's current location(s); or (b) within twenty-five (25) miles of any The Joint Corp. franchise in operation or development on the date of this Agreement. The term "Competitive Business" means any business which derives more than Ten Thousand and No/100 Dollars (\$10,000.00) of revenue per year from the performance of chiropractic or related services, or any business which grants franchises or licenses to others to operate such a business, other than a The Joint Corp. franchise operated under a franchise agreement with us.~~

~~E. Intentionally Omitted.~~

~~F. Non-Solicitation of Franchisor's Customers. Franchisee and/or each undersigned Owner agrees that for twelve (12) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of Franchisor, the Franchise, or any The Joint Corp. franchise to become customers of any person, firm, or business that competes with any business of Franchisor, the Franchise, or any The Joint Corp. franchise; or (b) induce, request or advise any customer of Franchisor, the Franchise, or any The Joint Corp. franchise to terminate or decrease such customer's relationship with Franchisor, the Franchise, or any The Joint Corp. franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the customers of Franchisor, the Franchise, or any The Joint Corp. franchise, except as required by law.~~

~~G. Confidential Information. Franchisee and/or each undersigned Owner agrees at all times following the date of this Agreement, to hold the Confidential Information in the strictest confidence and not to use such Confidential Information for Franchisee's and/or each undersigned Owner's personal benefit, or the benefit of any other person or entity other than Franchisor, or disclose it directly or indirectly to any person or entity without Franchisor's express authorization or written consent. Franchisee and each undersigned Owner fully understand the need to protect the Confidential Information and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to Confidential Information at any time.~~

~~5. Subordination. Franchisee and/or each undersigned Owner and Assignee each agrees that all of Assignee's obligations to make any installment payments to or for the benefit of Franchisee and/or an undersigned Owner in connection with the Transfer of the Transferred Interest as provided under this Agreement shall be subordinate to Assignee's obligations under the FA or any New FA (as defined below) to pay to us or our affiliates~~

any fees and payments provided for therein.

[PICK ONE OF OPTIONS BELOW BASED ON WHAT THEY SELECT IN SECTION 2.B.]

~~6. **No New FA.** Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall be bound by all of the terms and conditions of the existing FA for License # _____ and that a new FA will not be executed by the Assignee. As such, any and all deadlines in the FA shall remain unchanged. Assignee will also be bound by the terms of any and all addenda to the FA, which are attached as Exhibit A hereto. Each principal owner of the Assignee (“Assignee Owner”) shall execute the Guaranty and Assumption of Obligations in the form attached as Exhibit B hereto. The executed Guaranty and Assumption of Obligations shall be submitted to Franchisor with an executed copy of this Agreement.]~~

OR

~~6. **New FA.** Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall sign a New FA along with all applicable exhibits, including but not limited the Guaranty and Assumption of Obligations.]~~

~~7. **Guaranty of Obligations.** In consideration of, and as an inducement to, the execution of this Agreement by Franchisor, each of the undersigned Assignee Owners hereby personally and unconditionally guarantees to Franchisor and its successors and assigns that the Assignee Owners will punctually pay and perform each and every undertaking, agreement and covenant of Assignees set forth in the FA; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the FA, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes. Each of the undersigned Assignee Owners waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Section 8; (2) any right the Assignee Owners may have to require that an action be brought against Franchisor or any other person as a condition of the Assignee Owners’ liability; (3) all right to payment or reimbursement from, or subrogation against, Franchisor which Assignee Owners may have arising out of this guaranty of Assignee; and (4) any and all other notices and legal or equitable defenses to which Assignee Owners may be entitled in its capacity as guarantor. Each of the undersigned Assignee Owners consents and agrees that (1) its direct and immediate liability under this Section shall be joint and several; (2) it will make any payment or render any performance required under the FA on demand if Assignee fails or refuses to do so when required; (3) its liability will not be contingent or conditioned on our pursuit of any remedies against Assignees or any other person; (4) its liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Assignee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) the guaranty under this Section will continue and be irrevocable during the term of the FA and afterward for so long as Assignee has any obligations under the FA. If Franchisor is required to enforce the guaranty provided for under this Section in a judicial or arbitration proceeding, and prevail in such proceeding, then each of the undersigned Assignee Owners agrees that Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’, arbitrators’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by any undersigned Assignee Owner to comply with the guaranty provisions of this Section, then the Assignee Owners shall reimburse Franchisor for any of the above listed costs and expenses incurred by Franchisor.~~

~~8. **Breach.** The Parties hereby agree that each of the matters stated herein are important, material, and confidential, and substantially affect the effective and successful conduct of the business of Franchisor and its reputation, and goodwill. Any breach of the terms of this Agreement is a material breach of this Agreement, which will result in substantial and irreparable injury to Franchisor, for which the breaching Party may be preliminarily and permanently enjoined and for which the breaching Party shall also pay to Franchisor all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Franchisor’s reasonable attorneys’ fees (through final unappealable judgment) to~~

enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Franchisor.

9. ~~— No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No Party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a Party of a breach by another Party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching Party.~~

10. ~~— Assignment. This Agreement is fully transferable by Franchisor. Franchisee and/or each undersigned Franchisee Owner, Assignee and Assignee Owner shall not assign, convey, sell, delegate, or otherwise transfer this Agreement or any right or duty hereunder without obtaining Franchisor's prior written consent.~~

11. ~~— Binding Agreement. This Agreement shall be binding upon the Parties' heirs and legal representatives. This Agreement shall be enforceable by the successors and assigns of Franchisor, any person or entity which purchases substantially all of the assets of Franchisor, and any subsidiary, affiliate or operation division of Franchisor.~~

12. ~~— Headings. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.~~

13. ~~— Choice of Law and Venue. This Agreement shall be construed in accordance with and governed for all purposes by the laws of Arizona. If any action or proceeding shall be instituted by any Party, or any representative thereof, all Parties and their representatives hereby consent and will submit to the jurisdiction of, and agree that venue is proper in Maricopa County, State of Arizona.~~

14. ~~— Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Franchisor shall be given the broadest protection allowed by law with respect to this Agreement.~~

15. ~~— Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon any Party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement.~~

16. ~~— Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.~~

17. ~~— Opportunity to Seek Independent Advice. The undersigned Parties recognize that this Agreement is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before accepting the terms stated herein. The undersigned Parties acknowledge that they have had an opportunity to seek such independent legal advice. They acknowledge that they have read and understand the provisions contained herein and acknowledge receipt of a copy of this Agreement.~~

[Signatures Appear on the Following Page]

~~IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Agreement as of the day and year first above written.~~

FRANCHISOR:

~~THE JOINT CORP., a Delaware corporation~~

By: _____

Its: _____

ASSIGNOR/FRANCHISEE:

By: _____

Print Name: _____

Title: _____

ASSIGNEE:

By: _____

Print Name: _____

Title: _____

ASSIGNOR/FRANCHISEE OWNERS:

By: _____

Print Name: _____

By: _____

Print Name: _____

ASSIGNEE OWNERS:

By: _____

Print Name: _____

By: _____

Print Name: _____

**~~EXHIBIT A
TO TRANSFER AGREEMENT~~**

~~FRANCHISE AGREEMENT AND ADDENDA (IF ANY)~~

~~{Attached}~~[\]](#)

~~EXHIBIT B~~
~~TO TRANSFER AGREEMENT~~

~~GUARANTY AND ASSUMPTION OF OBLIGATIONS~~

~~(If Assuming Existing Franchise Agreement)~~

GUARANTY AND ASSUMPTION OF OBLIGATIONS

(LICENSE # _____)

In consideration of, and as an inducement to, the execution of the Transfer Agreement dated _____, 20____, by and between The Joint Corp., a Delaware corporation (“us”), _____, (“Assignor”), and _____ (“Assignee”) for relating to the Franchise Agreement dated _____, and all addenda thereto (collectively the “FA”), each of the undersigned owners of the Assignee and their respective spouses (the “Assignee Owners” or “you”), hereby personally and unconditionally agree to perform and keep during the terms of the FA, each and every covenant, obligation, payment, agreement, and undertaking on the part of Assignee contained and set forth in the FA. Each of you agree that all provisions of the FA relating to the obligations of Assignee, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the FA, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Assignee or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Assignee which you may have arising out of your guaranty of the Assignee’s obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the FA on demand if Assignee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Assignee or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Assignee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the FA and afterward for so long as the Assignee has any obligations under the FA.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’, arbitrators’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

~~This Guaranty may be executed in counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.~~

~~This Guaranty is now executed as of the Agreement Date.~~

~~ASSIGNEE OWNER: _____ ASSIGNEE OWNER'S SPOUSE:~~

~~_____

Print Name: _____ Print Name: _____~~

~~ASSIGNEE OWNER: _____ ASSIGNEE OWNER'S SPOUSE:~~

~~_____

Print Name: _____ Print Name: _____~~

GENERAL RELEASE AGREEMENT

~~THIS GENERAL RELEASE AGREEMENT (“Release”) is made and entered into this _____ day of _____, 20___, by and between The Joint Corp., a Delaware corporation (“Franchisor”), and _____, a _____ corporation/limited liability company/partnership (circle one) (“Franchisee”), and each owner of Franchisee and his or her spouse (individually, an “Owner,” and collectively, the “Owners”) (collectively, Franchisor, Franchisee, and Owners are referred to hereinafter as the “Parties”).~~

WITNESSETH

~~WHEREAS, the Parties previously entered into that certain Franchise Agreement dated _____, 20___ (the “Agreement”), granting Franchisee the right to operate a Franchise Business of Franchisor (“Clinic”) for a specific Term (as defined in the Agreement); and~~

~~WHEREAS, Franchisee desires to renew the Agreement for an additional Term (as defined in the Agreement); and~~

~~WHEREAS, Section 2.4(c) of the Agreement requires Franchisee and each of its Owners and their respective spouses to execute, in favor of Franchisor and its officers, directors, agents, and employees, and Franchisor’s affiliates and their officers, directors, agents, and employees, as a condition to renew the Agreement, a general release from liability of all claims that Franchisee, its Owners, and their respective spouses may have against Franchisor, its affiliates, and their respective owners, officers, directors, employees, and agents; and~~

~~WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Franchisee’s eligibility to renew the Agreement.~~

~~NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:~~

~~1. Recitals. The foregoing Recitals are incorporated into and made part of this Release.~~

~~2. Release. Franchisee, each Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the “Releasing Entities”), hereby fully release Franchisor and its present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, and Franchisor’s affiliates and their respective present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the “Released Entities”) from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Release is executed.~~

~~3. Miscellaneous.~~

~~A. This Release contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement between the parties hereto whether written or oral, express or implied. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.~~

~~B. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Release shall be deemed severable from all other provisions hereof.~~

~~C. This Release shall be governed by the laws of the State of Arizona. Any litigation or court action arising under or related to this Release shall be filed in state or federal court in Maricopa County, State of Arizona.~~

~~D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.~~

~~E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.~~

~~F. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.~~

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

FRANCHISOR:

THE JOINT CORP.
A Delaware corporation

By: _____
Its: _____

FRANCHISEE:

By: _____
Title: _____

OWNERS:

_____	Owner's Residential Address:	Owner's %
Signature of Owner	_____	Ownership:
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse	_____	

Printed/Typed Name of Spouse	Date: _____	, 200_____

{The remainder of this page is intentionally left blank}

EXHIBIT M
LETTER OF INTENT

LETTER OF INTENT FOR A THE JOINT CHIROPRACTIC FRANCHISE

~~Dear Prospective Franchisee:~~

Thank you for your interest in *The Joint Chiropractic*®. This Letter of Intent (“LOI”) is a binding agreement between you (as identified below) and The Joint Corp., a Delaware corporation d/b/a *The Joint Chiropractic* (“we”, “us”, “our”, or “The Joint”). The terms and conditions of this LOI are as follows:

1. ~~With the signing of this LOI you will pay the sum of ten thousand dollars, \$10,000 (Initial Application Fee “IAF”).~~

~~If we grant final approval to your completed application for a *The Joint Chiropractic* franchise and you later enter into a Franchise Agreement with us, then we will credit your entire IAF toward any up-front fees due from you to us under that Franchise Agreement. Otherwise, the IAF is nonrefundable. The IAF is fully earned (except only as set forth in Section 3(b) below) as a result of the time, energy and expertise devoted to you and which would otherwise be devoted to applicants or current franchisees seeking to purchase one of our *The Joint Chiropractic* franchises.~~

2. ~~You are not permitted to sign this LOI or pay to us the IAF until after fourteen (14) calendar days from the date on which you received our Franchise Disclosure Document (“FDD”). After you sign this LOI, you may deliver to us (or to our representative): (a) the \$10,000 IAF check made payable to “The Joint Chiropractic”; and b) your signed and dated copy of this LOI.~~

3. ~~Upon our counter signature of this LOI and acceptance of your IAF, we will process your completed Franchise Application Package. We will promptly thereafter notify you in writing as to which of the following applies:~~

~~a. Your application is rejected upon initial review. If this occurs, we will promptly refund to you your entire IAF.~~

~~b. We will likewise refund to you your entire IAF if, after we notify you that your application is preliminarily approved, we inform you that your application did not receive final approval. However, if your failure to receive a business loan from a prospective lender that you identified then in order for you to receive a refund of your entire IAF under this provision, the following must have occurred. Namely you: (i) notified us if your written loan denial(s); and (ii) applied to, and received written denials from a maximum of three (3) prospective lenders that are identified for you by us.~~

4. ~~Within one hundred and eighty (180) days after the executed date of this Agreement, you must:~~

~~a. Locate, submit and receive our acceptance of, and secure (e.g., sign a lease) a suitable site at which to operate a *The Joint Chiropractic* location (a “Clinic”); and~~

~~b. Sign our then-current form of the Franchise Agreement and pay the then-current initial fees under the Franchise Agreement (provided that you must sign that agreement and pay the required fees thereunder no later than fourteen (14) calendar days after you sign a lease agreement for a *The Joint Chiropractic* Clinic according to the paragraph above).~~

~~If you do not sign a lease agreement for a *The Joint Chiropractic* franchise within one hundred and eighty (180) days after you sign this Agreement, you must provide us with a written request to extend your site selection due date. The request must state: (i) that you anticipate a delay; (ii) the reasons you believe are causing or have caused the delay; (iii) the efforts that you are making to proceed with securing the site for the franchise; and (iv) a future date by which you expect to sign a lease agreement for the franchise. In considering the request, we will not unreasonably withhold or delay our consent to an extension period that~~

you have been diligently working in good faith to secure a site for the franchise.

- ~~5. You must obtain our written acceptance for a *The Joint Chiropractic Clinic*'s proposed site before signing any lease, sublease, or other document for the site. We will not reasonably withhold our approval of a site that meets our criteria for demographic characteristics; traffic patterns; parking; character of neighborhoods; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. We will review your proposed site location for the franchise after we receive the complete site report and other materials we request.~~
- ~~6. If we recommend a proposed site for the Clinic or give you any information regarding the proposed site, you acknowledge that this is not a representation or warranty of any kind, expressed or implied, of the proposed site's suitability for a *The Joint Chiropractic Clinic* or for any other purpose. Our recommendation indicates only that we believe that the site meets our then acceptable criteria. We are not responsible if a site we recommend does not meet your expectations.~~
- ~~7. We have the right to review and accept the terms of any lease, sublease, for the site before you sign it. Our review and acceptance of the lease or sublease is not a guarantee or warranty, expressed or implied, of the success or profitability of a *The Joint Chiropractic Clinic* operated at the site. Our review and acceptance indicates only that we believe that the site and lease terms meet our then acceptable criteria and includes the necessary lease provisions we require.~~
- ~~8. Upon our acceptance of a proposed site, you will execute the Franchise Agreement in the form delivered to you.~~
- ~~9. This LOI does not create nor promise to you a *The Joint Chiropractic* franchise. You would only acquire such franchise rights if and when we and you were to enter into a Franchise Agreement.~~
- ~~10. If we approve your application, we may possibly share with you certain of our proprietary and confidential training materials prior to your entering into a franchise agreement with us. If this occurs, you understand and hereby agree that if you do not for whatever reason enter into a franchise agreement with us, you will not: (i) use these training materials for any non-*The Joint Chiropractic* purpose, and (ii) disclose those proprietary and confidential training materials to anyone other than your co-applicants (if any), your employees that would work at your franchised Clinic (if any), and your professional advisors (e.g. attorney, accountant).~~
- ~~11. Your rights under this LOI are personal to you and may not be sold, transferred, assigned, pledged or encumbered to any third party.~~
- ~~12. We may terminate this LOI at any time prior to the LOI "Conclusion Date" by providing written notice to you: (a) if we learn that you have been made false, misleading, inaccurate or incomplete statements to us or to any of our representatives in the course of any communication or application submitted to us; or (b) have received or relied upon any representations by us or by any of our authorized representatives that are contrary to the terms and conditions of this LOI or of the FDD.~~
- ~~13. By your execution of this LOI, you promise to us that you: (a) had full opportunity to review this LOI, the Initial Application Fee and the FDD with your professional advisors before signing; (b) are signing this LOI after having made such independent investigation of us and our operations as you desire; and (c) have not received nor relied upon any representations by us or by any of our authorized representatives that are contrary to the terms and conditions of this LOI or of the FDD.~~
- ~~14. This Agreement is neither an offer by us nor a contract for the acquisition of a franchise, license, or other rights. Only the execution of the Franchise Agreement by you and us will bind you and us to a franchise relationship.~~

- ~~15. You shall indemnify and hold harmless The Joint, its subsidiaries, affiliates, predecessors, successors and assigns, and each of their respective officers, directors and employees, harmless from and against any and all loss, liability, claims, demands or suits (including, without limitation, reasonable attorneys' fees and expenses) which arise out of: (i) the breach of this LOI or any of the representations, warranties or agreements made by you in this LOI (including, without limitation, damages caused by any violations by law by you); or (ii) the alleged negligence or intentional misconduct of you, your employees, agents, affiliates, assigns, independent contractors, officers, directors or principals.~~
- ~~16. This LOI and the rights and obligations of the parties hereto shall be governed by and construed in accordance with laws of the State of Arizona, without giving effect to the principles thereof relating to the conflicts of laws.~~
- ~~17. All notices, requests, consents, approvals, agreements, authorizations, waivers, and other communications required or permitted under this LOI shall be in writing and shall be deemed given when sent by email or delivered by hand to the addresses of the parties, or one or more of the active and customary email addresses used by, and exchanged between, the parties).~~
- ~~18. Notwithstanding any limited rights granted in this LOI, The Joint shall retain its sole and absolute property and ownership rights to all forms of proprietary rights, titles, interests, and ownership relating to patents, copyrights, trademarks, trade dresses, trade secrets, knowhow, mask works, droit moral (moral rights), and all similar rights of every type that may exist now or in the future in any jurisdiction, including without limitation all applications and registrations therefore.~~
- ~~19. Each party shall comply in all respects with all applicable legal requirements governing the duties, obligations, and business practices of that party and shall obtain any permits or licenses necessary for its operations. Neither party shall take any action in violation of any applicable legal requirement that could result in liability being imposed on the other party.~~
- ~~20. You shall have no right to use The Joint's name, logos or trademarks or otherwise promote or publicize any relationship with The Joint or any benefits The Joint has or may derive from this Agreement, without obtaining prior express written consent from The Joint's legal department. Any provisions that contradict or conflict with the terms of this section shall be wholly void and unenforceable.~~
- ~~21. This LOI may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together shall constitute one agreement between the Parties. If any provision of this LOI is held by a court of competent jurisdiction to be contrary to applicable law, then the remaining provisions of this LOI shall remain in full force and effect. The captions used herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or the intent of any section or paragraph hereof. This LOI represents the entire agreement between the parties with respect to its subject matter hereto, and there are no other representations, understandings or agreements between the parties relative to such subject matter. No amendment to, or change, waiver or discharge of, any provision of this LOI shall be valid unless in writing and signed by an authorized representative of each of the undersigned parties.~~

~~**AGREED AND ACCEPTED AS OF THE EFFECTIVE DATE**~~

~~**PROSPECTIVE FRANCHISEE (“YOU”)**~~

~~Signature: _____~~

~~Printed Name: _____~~

~~Position: _____~~

~~Date: _____~~

~~**FRANCHISOR**~~

~~**THE JOINT CORP., a Delaware corporation**~~

~~Signature: _____~~

~~Printed Name: _____~~

~~Position: _____~~

~~*Date: _____~~

~~*Effective Date = date of The Joint’s counter signature~~

EXHIBIT N

ASSET AND FRANCHISE AGREEMENT PURCHASE AGREEMENT

~~ASSET AND FRANCHISE AGREEMENT PURCHASE AGREEMENT~~

~~THIS ASSET AND FRANCHISE AGREEMENT PURCHASE AGREEMENT~~

This Asset and Franchise Agreement Purchase Agreement (“Agreement”) is made and entered into on the date last set forth below on the signature page (“Effective Date”), by and between The Joint Corp., a Delaware corporation (“TJC”), and _____, a _____ corporation/limited liability company (collectively, “Seller” and as applicable, “Lessee”). TJC, Seller, and Lessee shall at times each be referred to individually as a “Party,” or collectively as the “Parties.”

~~BACKGROUND:~~ RECITALS

- A. The Seller is the franchisee under a franchise agreement with TJC for *The Joint Chiropractic* franchise number _____ known _____ as _____ the _____ “Clinic,” located at _____ (the “Subject Franchise”).
- B. Seller will sell to TJC, and TJC will purchase from Seller, all of Seller’s interest in the Subject Franchise and the “Franchise Agreement” (as defined below), on the terms and conditions set forth in this Agreement; and
- C. The Parties, in conjunction with this Asset and Franchise Agreement Purchase Agreement, mutually desire to terminate the “Franchise Agreement” (as defined below) as set forth below. The Franchisee will surrender the Territory and mutually terminate the Franchise Agreement, other than Franchisee’s “Post-Termination Obligations” (as defined below).

~~NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:~~

~~1. — Purchase and Sale~~

AGREEMENT

1. PURCHASE AND SALE.

- (a) Except as provided herein, at the “Closing” (as hereinafter defined in ~~Section §5~~) of the transactions contemplated hereby, Seller and Lessee shall sell, assign, transfer and deliver, or cause its affiliates to assign, transfer and deliver, to TJC, and TJC shall purchase and accept from Seller, Lessee, and/or their affiliates, the “Assets” (as defined below); free and clear of any and all liens, claims (including, without limitation, title claims and claims of taxing authorities), encumbrances, pledges, security interests or charges of any kind whatsoever, and shall assume the obligations only as specifically stated herein, for the purchase price set forth in ~~Section §4~~ hereof.

(b) For purposes of this Agreement, “Assets” shall mean:

- (i) the franchise agreement between Seller and TJC dated _____ for the Subject Franchise, as more particularly described in **Schedule 1(b)(i)** attached hereto as and made a part hereof, without any transfer fees (as amended, the “Franchise Agreement”);
- (ii) all of Seller’s and Lessee’s interest in equipment, machinery, tools, maintenance supplies, fixed assets, office equipment, leasehold improvements, furniture, fixtures, inventories and supplies and other similar items of tangible personal property (together the “Personal Property”) used or held for use by Seller in the Subject Franchise, which is more particularly listed and described in **Schedule 1(b)(ii)** attached hereto and made a part hereof;
- (iii) all of Seller’s interest in any membership agreements, prepaid services packages and other agreements or arrangements Seller has made with patients of the Subject Franchise, together with any deposits or prepayments (for packages or otherwise) made by any patients covered by such agreements or arrangements to the extent related to services to be performed after Closing (hereinafter, the “Prepayment Balance”);
- ~~(iv) — the trademarks, trade names, copyrights and all other intellectual property rights of Seller associated with the Subject Franchise and all of Seller’s goodwill attributable to the Subject Franchise;~~
- (iv) the trademarks, trade names, copyrights and all other intellectual property rights of Seller associated with the Subject Franchise and all of Seller’s goodwill attributable to the Subject Franchise;
- (v) all telephone numbers and domain names associated with the Subject Franchise;
- (vi) copies of all medical records with respect to patients of the Subject Franchise and all documents and records in the possession of Seller pertaining to patients and employees of the Subject Franchise;
- (vii) to the extent transferable, all licenses, government approvals and permits and all other approvals and permits relating to the Subject Franchise;
- (viii) all of Lessee’s interests as tenant (including leasehold improvements) under its leases for the premises occupied by the Subject Franchise, a copy of which is attached hereto as **Exhibit A** and made a part hereof (hereinafter, the “Lease”); and

(ix) the agreements and contracts which TJC has expressly agreed to assume and which are listed on **Schedule 1(b)(ix)** (together, the “Assumed Contracts”).

(c) Termination of Franchise Agreement. As of the Effective Date, the Parties hereby agree that effective as of the Effective Date, the Franchise Agreement, along with any addendums, amendments, exhibits, security agreements related to the Franchise Agreement, and all of the Parties’ rights and obligations thereunder, shall be terminated and of no further force and effect subject to the following: All obligations imposed upon Franchisee under this Termination and Release, and the Franchise Agreement that survive the termination, expiration or transfer of the Franchise Agreement, including but not limited to the “Post-Termination Obligations” and the “Survival Provisions” (without limitation ~~Section~~ §16 of the Franchise Agreement), shall survive and Franchisee agrees to comply with all such Post-Termination Obligations and Survival Provisions as applicable to each in accordance with the terms of the Franchise Agreement notwithstanding its termination. Notwithstanding the foregoing, the Post-Termination Obligations and Survival Provisions related to competition or covenants not-to-compete, shall not be enforced by Franchisor (excepting any usage of Trade Secrets, Confidential Information or the Marks as defined in the Franchise Agreement).

~~2.~~ **Excluded Assets**

~~1.2.~~ **EXCLUDED ASSETS.** Notwithstanding anything to the contrary contained in this Agreement, it is expressly acknowledged by TJC that Seller will not be conveying to TJC (a) any cash, cash equivalents, working capital, or accounts receivable (other than accounts receivable under membership agreements or other arrangements described in ~~Section~~ §1(b)(iii) above for periods after Closing), (b) any of the proceeds of the transaction described in this Agreement, and (c) the items listed on the attached **Schedule 2** (collectively, the “Excluded Assets”).

~~3.~~ **No Assumption of Liabilities**

~~2.3.~~ **NO ASSUMPTION OF LIABILITIES.** Except as expressly provided in this Agreement, TJC shall not assume any debts, liabilities or obligations of Seller, Lessee or their shareholders, members, affiliates, officers, employees or agents of any nature, whether known or unknown, fixed or contingent, including, but not limited to, debts, liabilities or obligations with regard or in any way relating to any contracts (including, without limitation, any of the following: (i) employment or management agreements; (ii) stock transfer agreements; (iii) medical direction agreements; or (iv) any other documents related to the business, leases for real or personal property, trade payables, tax liabilities, disclosure obligations, product liabilities, liabilities to any regulatory authorities, liabilities relating to any claims, litigation or judgments, any pension, profit-sharing or other retirement plans, any medical, dental, hospitalization, life, disability or other benefit plans, any stock ownership, stock purchase, deferred compensation, performance share, bonus or other incentive plans, or any other similar plans, agreements, arrangements or understandings which Seller, Lessee, or any of their affiliates, maintain, sponsor or are required to make contributions to, in which any employee of Seller or Lessee participate or under which any such employee is entitled, by reason of such employment, to any benefits (collectively the “Excluded Liabilities”). For the avoidance of doubt, any liability under any lease for real property for the Subject Franchise, whether or not assumed by TJC, for the period before Closing, shall be an Excluded Liability. However, any liability for periods after Closing under any assigned lease for real property for a Subject Franchise shall not be an Excluded Liability.

~~4. Payment of Purchase Price~~

4. PAYMENT OF PURCHASE PRICE.

- (a) The purchase price to be paid by TJC for the Assets (the “Purchase Price”) is _____ (\$ _____), subject to adjustment as set forth in ~~Section §~~4(d) (“Purchase Price”);
- (b) TJC will pay to Seller the amount of _____ in _____ by wire or business check (unless a promissory note applies) one (1) day of the Closing Date, less the following items: (i) any amounts to be paid to third parties in connection with the satisfaction of liens or security interests affecting the Assets; (ii) any amounts required to be paid to the landlord in connection with the assignment of the Lease; (iii) that portion of the Prepayment Balance that was sold and collected by Seller after _____ and is still outstanding; and (iv) any outstanding or accrued royalties, advertising contributions and other fees under the Franchise Agreement through the “Closing Date” (as hereinafter defined in ~~Section §~~5) (collectively, the “FA Fees”);
- (c) Subject to ~~Section §~~4(d) below, the _____ balance of the Purchase Price (the “Purchase Price Balance”) shall be paid by TJC to Seller ~~ninety (90)~~ calendar days after the Closing Date (the “Purchase Price Balance Due Date”); and
- (d) Within ~~ninety (90)~~ days after Closing Date, the Purchase Price Balance shall be adjusted by appropriate pro-rations for rent, state and local real estate taxes and transfer taxes, sales tax, service and utility contracts, any merchant card collections on account of the Subject Franchise only for periods after the Closing, balance of any security deposit held by the landlord under the Lease that transfers to TJC, and/or FA Fees, payroll and employee related payments related to the Subject Franchise in respect of periods prior to Closing (the “Adjustments”). The Parties shall cooperate to determine the amounts of the Adjustments, and shall use commercially reasonable efforts to determine amounts within ~~ninety (90)~~ days after Closing Date and shall reimburse the other party as necessary and as detailed below. The agreed amount of the Adjustments shall be documented by a written calculation signed by the Parties hereto (the “Adjustment Agreement”). In the event that the Parties agree that the Adjustments in favor of Seller are greater than the Adjustments in favor of TJC, TJC shall remit the net amount of Adjustments to Seller along with the remittance of the Purchase Price Balance on the Purchase Price Balance Due Date. In the event that the Parties agree that the Adjustments in favor of TJC are greater than the Adjustments in favor of Seller, the Purchase Price Balance shall be reduced by the net amount of the Adjustments. Any Adjustments received by TJC following the ~~ninety (90)~~-day period shall be remitted to the Seller by written notice within ~~sixty (60)~~ days of TJC’s receipt, upon which Seller shall remit to TJC the amount of those Adjustments within ~~thirty (30)~~ days of such written notice.

~~(a) CLOSING. Closing~~

- ~~3.5.~~ Subject to the satisfaction or waiver of the conditions described in ~~Sections §~~9 and §10, the Closing of the transactions described herein shall take place on or about _____, but in any event no later than _____, at such time as the Parties agree. The date on which the Closing takes place is referred to in this Agreement as the “Closing Date.” At the Closing, Seller shall deliver, or cause its affiliates to deliver, such bills of sale, assignments, certificates and other documents and instruments as may reasonably be requested by TJC to carry out the transfer and

assignment to TJC of the Assets, including execution of the “Bill of Sale and Assignment,” attached hereto at **Exhibit B**. Following the Closing, the Parties shall cooperate fully with each other and shall make available to the other, as reasonably requested and at the expense of the requesting party, and to any taxing or regulatory authority, all information, records or documents relating to tax obligations, financial reporting and audit records, and regulatory compliance matters of Seller for all periods on or prior to the Closing Date, and shall preserve all such information, records and documents until the expiration of any applicable statute of limitations and extensions thereof.

~~5. Representations, Warranties and Covenants of Seller and the Lessee~~

4.6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AND THE LESSEE.

Seller and Lessee, where applicable, hereby jointly and severally represent and warrant to TJC as follows, and further memorialized hereto at **Exhibit D – Seller’s Certificate**:

- (a) **Organization.** Lessee is a corporation duly organized and validly subsisting under the laws of the State of California, and each of Seller and Lessee have full power and authority to conduct its business as it is now being conducted, and to execute, deliver and perform this Agreement.
- (b) **Authority.** Neither Seller or Lessee is a party to, subject to, or bound by any agreement, judgment, order, writ, injunction, or decree of any court or governmental body that prevents or impairs the carrying out of this Agreement. The execution, delivery and performance of this Agreement and all other documents, instruments and agreements contemplated hereby have been duly authorized by all required corporate, limited liability company or limited partnership action of Seller and Lessee. All other actions (including all action required by state law and by the organizational documents of Lessee) necessary to authorize the execution, delivery and performance by Seller and Lessee of this Agreement, the bills of sale transferring the Assets, the assignments in connection herewith and the other documents, instruments and agreements necessary or appropriate to carry out the transactions herein contemplated, have been taken by Seller and Lessee. Upon the execution of this Agreement and the other documents and instruments contemplated hereby by Seller and the Lessee (and assuming the due execution and delivery by the other parties), this Agreement and such other documents and instruments will be the valid and legally binding obligations of Seller and the Lessee, enforceable against each of them in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity). Except as set forth on **Schedule 6(b)**, no authorization, consent, approval or other order of, declaration to or filing with any third party, including any governmental body or authority is required for the approval or consummation by Seller or the Lessee of the transactions contemplated by this Agreement. Seller and the Lessee agree that assignment of the Lease shall not be subject to or contingent upon any novation or any release of any principal obligor or guarantor thereunder.
- (c) **Taxes.** Seller has filed when due in accordance with all applicable laws (or properly and timely filed an extension therefor) all tax returns required under applicable statutes, rules or regulations to be filed by it. As of the time of filing, such returns were accurate and complete in all material respects. All taxes due with respect to Seller and the Assets, and all additional assessments received, have been paid. Seller is not delinquent in the payment of any such tax and none has requested any extension of time within which to file any tax return, which return has not since

been filed. There are no federal, state, local or other tax liens outstanding on any of the Assets being sold hereunder.

- (d) Title to and Condition of Assets. Seller and Lessee have good and marketable title to (or, with respect to any Assets that are leased, a valid leasehold interest in) all of the Assets to be acquired by TJC at the Closing, free from any liens, adverse claims, security interest, rights of other parties or like encumbrances of any nature. The Assets consisting of physical property are in good condition and working order, normal wear and tear excepted, and function properly for their intended uses.
- (e) Compliance with Laws.- To the best of Seller's and Lessee's knowledge, neither Seller, Lessee nor the Subject Franchise is in violation of, nor are they or any of them subject to any liability in respect of, any federal, state, county, township, city or municipal laws, codes, regulations or ordinances (including without limitation those relating to environmental protection, health, hazardous or toxic substances, fire or safety hazards, occupational safety, labor laws, employment discrimination, subdivision, building or zoning) with respect to the conduct of the Subject Franchise, nor has Seller or Lessee received any notices of investigation or violation pertaining to any such matters. To the best of Seller's and Lessee's knowledge, Seller and Lessee have, and all professional employees or agents of Seller and Lessee have, all licenses, franchises, permits, authorizations or approvals from all governmental or regulatory authorities required for the conduct of the Subject Franchise and neither Seller nor the professional employees or agents of Seller and Lessee have violated any such license, franchise, permit, authorization or approval or any terms or conditions thereof.
- (f) Litigation. There is no action, suit or proceeding pending, threatened against or affecting the Assets, or relating to or arising out of, the ownership or operation of the Assets, including claims by employees of the Subject Franchise.
- (g) Employees. **Schedule 6(g)** attached hereto contains a complete and correct list of the name, position, current rate of compensation and any vacation or holiday pay and any other compensation arrangements or fringe benefits, of each current employee of Seller who is directly employed in the Subject Franchise (collectively, the "Employees"). Seller hereby agrees to terminate all of the Employees as of the Closing Date and pay any and all compensation due the Employees through the Closing Date; including, but not limited to, all base pay, hourly pay, bonuses and commission, vacation and sick time, and any severance obligations.
- (h) Contracts. Seller and Lessee have delivered to TJC copies of any and all material contracts, leases, agreements, software licensing agreements, or commitments, unless customarily kept in non-physical, non-pdf format or other digital document format, with respect to the Assets or the Subject Franchise. Except as set forth in **Schedule 6(h)**, no consent or approval of any third party is required for the assignment to TJC of any contracts that TJC is assuming pursuant to ~~Sections~~ §1(b)(iii), (vi), (vii), (viii), and (ix).
- (i) Financial Statements. Seller has delivered to TJC the financial statements for the Subject Franchise as of and for the calendar years [2017, 2018, 2019 and the first three months of 2020] (collectively, the "Financial Statements"). The Financial Statements fairly present and will

fairly present the financial position and results of operations of the Subject Franchise as of and for the periods presented.

- (j) Claims. Neither Seller, Lessee, nor any other person who holds or has ever held a direct or indirect interest in the Subject Franchise has any claim, demand, or cause of action for damages of any kind whatsoever, whether known or unknown, against TJC or its officers, directors, employees, attorneys, agents, successors and assigns by reason of any event, occurrence or omission arising under, or relating to, the Subject Franchise.
- (k) Pre-Closing Operations. Until such time as the Subject Franchise has been transferred and assigned to TJC, Seller and the Lessee shall continue to operate the Subject Franchise in a commercially reasonable manner (including without limitation, engaging in the sale of any products or packages at discounted amounts, or other revenue “stuffing” activities), consistent with the respective franchise agreement, and neither the Seller nor Lessee shall take any actions or operate the Subject Franchise in such a way as to cause or precipitate any diminution in their prospective, post-closing sales or any material shift in their prospective, post-closing revenue streams.
- (l) Due Diligence Request. Seller and Lessee agree and acknowledge that TJC delivered the Due Diligence Request attached hereto at Exhibit E. Seller further warrants, represents and covenants that it has disclosed all material disclosures, documentation and information responsive to the Due Diligence Request.
- (m) Personal Guarantee. As an inducement and as a condition of TJC to enter into this Agreement, _____ agrees individually, and as the sole shareholder of Seller and Lessee, to jointly and severally personally guarantee Seller’s and Lessee’s performance, representations, covenants, and obligations under this Agreement.

~~6.~~ **TJC’s Representations and Warranties**

5.7. REPRESENTATIONS AND WARRANTIES. TJC represents and warrants to Seller and the Lessee as follows:

- (a) Organization of TJC. TJC is a corporation duly organized and validly subsisting under the laws of the state of Delaware, and TJC has full power and authority to conduct its business as it is now being conducted, and to execute, deliver and perform this Agreement.
- (b) Authorization. TJC is not a party to, subject to or bound by any agreement, judgment, order, writ, injunction, or decree of any court or governmental body that prevents or impairs the carrying out of this Agreement. The execution, delivery and performance of this Agreement and all other documents, instruments and agreements contemplated hereby have been duly authorized by TJC’s Board of Directors. All other actions (including all action required by state law and by the organizational documents of TJC) necessary to authorize the execution, delivery and performance by TJC of this Agreement, the Note, the bill of sale transferring the Assets, the assignments in connection herewith and the other documents, instruments and agreements necessary or appropriate to carry out the transactions herein contemplated, have been taken by TJC. Upon the execution of this Agreement and the other documents and instruments

contemplated hereby by TJC, this Agreement and such other documents and instruments will be the valid and legally binding obligations of TJC, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

- (c) No Consent or Approval Required. No authorization, consent, approval or other order of, declaration to or filing with any governmental body or authority, including, without limitation, with respect to environmental matters, is required for the consummation by TJC of the transactions contemplated by this Agreement.
- (d) No Violation of Other Agreements. Neither the execution and delivery of this Agreement nor compliance with the terms and conditions of this Agreement by TJC will breach or conflict with any of the terms, conditions or provisions of any agreement or instrument to which TJC is or may be bound or constitute a default thereunder or result in a termination of any such agreement or instrument.
- (e) Financial Capability. TJC will have at Closing, sufficient internal funds available to pay the Purchase Price and any fees or expenses incurred by TJC in connection with the transactions contemplated hereby.

~~7. Pre-Closing Events~~

8. PRE-CLOSING EVENTS.

- (a) General. Pending Closing, the Parties shall use commercially reasonable efforts to take all actions that may be necessary to close the transaction in accordance with the terms of this Agreement (but TJC shall not be required to waive any of the TJC Closing Conditions, and Seller and the Lessee shall not be required to waive any of the Seller Closing Conditions).
- (b) Conduct of Business. Pending Closing, Seller and the Lessee shall:
 - (i) conduct the business of the Subject Franchise in the ordinary course and use commercially reasonable efforts, in consultation with (but without being bound by) TJC's transition management team personnel, to maintain and grow the business of the Subject Franchise and to preserve their goodwill and advantageous relationships with patients, employees, suppliers and other persons having business dealings with the Subject Franchise. In clarification of the foregoing, Seller and Lessee hereby acknowledge and agree that they shall not sell Heavily Discounted Prepaid Packages from the Subject Franchise from [April 20, 2020] until the Closing Date. "Heavily Discounted Prepaid Packages" shall mean prepaid packages that are priced below the average pricing Seller and Lessee sold prepaid packages at the Subject Franchise during the preceding two years; and
 - (ii) not take any affirmative action that results in the occurrence of an event of default under any contract or agreement to which Seller is a party and take any reasonable action within Seller's control that would avoid the occurrence of such default.

- (c) Access to Information. Pending Closing, Seller and the Lessee shall:
- (i) afford TJC and its representatives (including its lawyers, accountants, consultants and the like) reasonable access during normal business hours, but without unreasonable interference with operations, to the Seller's and Lessee's books and records and other documents relating to the Subject Franchise;
 - (ii) respond to reasonable inquiries by TJC and its representatives regarding Seller and Lessee;
 - (iii) cause Seller and Lessee to furnish TJC and its representatives with all information and copies of all documents concerning Seller that TJC and its representatives reasonably request;
 - (iv) deliver to TJC, Seller's financial statements for the period between January 1, 2019 and the end of the last full month before Closing; and
 - (v) otherwise cooperate with TJC in its due diligence activities.
- (d) Notice of Developments. Pending Closing, Seller and the Lessee shall promptly give notice to TJC of:
- (i) any fact or circumstance of which Seller or Lessee becomes aware that causes or constitutes a material inaccuracy in or material breach of any of Seller's or Lessee's representations and warranties in Section §6 as of the date of this Agreement;
 - (ii) any fact or circumstance of which Seller or Lessee becomes aware that would cause or constitute a material inaccuracy in or material breach of any of Seller's or Lessee's representations and warranties in Section §6 if those representations and warranties were made on and as of the date of occurrence or discovery of the fact or circumstance; or
 - (iii) the occurrence of any event of which Seller or Lessee becomes aware that reasonably could be expected to make satisfaction of any TJC Closing Condition impossible or unlikely.
- (e) Supplements to Schedules. Pending Closing, Seller and Lessee may supplement or correct the Schedules to this Agreement as necessary to insure their completeness and accuracy. No supplement or correction to any Schedule or Schedules to this Agreement shall be effective, however, to cure any breach or inaccuracy in any of the representations and warranties; but if TJC does not exercise its right to terminate this Agreement under Section §12 and closes the transaction, the supplement or correction shall constitute an amendment of the Schedule or Schedules to which it relates for all purposes of this Agreement.

~~8.~~ TJC Closing Conditions

~~6.9.~~ Except as provided herein, TJC's obligation to close the transaction is subject to the satisfaction of each of the following conditions (the "TJC Closing Conditions") at or prior to Closing:

- (a) Seller's and the Lessee's representations, warranties and covenants in Section §6, as qualified or limited by any exceptions in the Schedules to Section §6, are true, correct and fulfilled on the Closing Date as if made at and as of Closing (other than representations and warranties that address matters as of a certain date, which were true and correct as of that date);
- (b) Seller and the Lessee have executed and delivered all of the documents and instruments that they are required to execute and deliver or enter into prior to or at Closing, and have performed, complied with or satisfied in all material respects all of the other obligations, agreements and conditions under this Agreement that they are required to perform, comply with or satisfy at or prior to Closing, and Seller and the Lessee shall have delivered to TJC properly executed and notarized releases (in form and substance acceptable to TJC, in its sole and absolute discretion) from any and all third parties from whom waivers, releases and/or approvals are necessary (in TJC's sole and absolute discretion) to effectuate the transfer of the Assets to TJC free and clear of any and all third party interests, claims, liens or security interests;
- (c) no material adverse change in the Seller's and Lessee's assets, financial condition, operations, operating results or prospects relating to the Subject Franchise has occurred since the date of this Agreement;
- (d) no suit has been initiated or threatened by a third party that challenges or seeks damages or other relief in connection with the transaction or that could have the effect of preventing, delaying, making illegal or otherwise interfering with the transaction;
- ~~(e)~~ Seller and Lessee have obtained and delivered to TJC all consents listed on Schedule
- (e) 6(h);
- (f) Seller has terminated all of the Employees as of the Closing Date and paid all wages, bonuses, commissions, vacation and sick pay, benefits and any applicable severance to such Employees as of the Closing Date; and TJC has reached satisfactory rehiring terms with those of the Employees it wants to retain going forward, with such determination to be made in TJC's sole and absolute discretion;
- (g) Seller and Lessee have obtained consents to the assignment of, and estoppel letters under, the Lease attached hereto as Exhibit A, relating to the premises of the Subject Franchise, in a form reasonably acceptable to TJC.
- (h) TJC has received the approval of its Board of Directors to close the transaction contemplated by this Agreement;
- (i) TJC has completed its due diligence activities under Section §8 above to its satisfaction, with such determination to be made in TJC's sole and absolute discretion;

- (j) The Seller and the Lessee have executed and delivered, in a form reasonably acceptable to TJC, releases of all Claims against TJC, its officers, directors, employees, attorneys, agents, successors and assigns, arising prior to the Closing, in form and substance acceptable to TJC in its sole discretion;
- (k) Seller and Lessee, as applicable, have delivered payoff letters and releases of security interests or liens from any secured lenders or lessors; and

(l) _____ Seller and Lessee have terminated that certain “Management Agreement” dated _____ by _____ and _____ between _____ and _____;

TJC may waive any condition specified in this ~~Section §~~9 by a written waiver delivered to Seller or Lessee at any time prior to or at Closing.

~~10. Seller’s Closing Conditions~~

10. SELLER’S CLOSING CONDITIONS. Seller’s and Lessee’s obligation to close the transaction is subject to the satisfaction of each of the following conditions (the “Seller Closing Conditions”) at or prior to Closing:

- (a) TJC’s representations and warranties in ~~Section §~~7 were true and correct as of the date of this Agreement and are true and correct on the Closing Date as if made at and as of Closing;
- (b) TJC has executed and delivered all of the documents and instruments that it is required to execute and deliver or enter into prior to or at Closing, and has performed, complied with or satisfied in all material respects all of the other obligations, agreements and conditions under this Agreement that it is required to perform, comply with or satisfy prior to or at Closing; and
- (c) no suit has been initiated or threatened by a third party since the date of this Agreement that challenges or seeks damages or other relief in connection with the transaction or that could seek to prevent the transaction.

_____ Seller and Lessee may waive any condition specified in this ~~Section §~~10 by a written waiver delivered to TJC at any time prior to or at Closing.

~~11. Non-Competition; Non-Solicitation; Confidentiality~~

11. NON-COMPETITION; NON-SOLICITATION; CONFIDENTIALITY.

- (a) Definitions. Wherever used in this ~~Section §~~11, the term “TJC” shall refer to TJC and any affiliate, subsidiary, or any successor or assign of TJC. Wherever used in this Section, the phrase “directly or indirectly” includes, but is not limited to, acting, either personally or as principal, owner, shareholder, member, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, invitees, agents, or associates of any of the undersigned parties. Wherever used in this Section, the term “employees” shall refer to employees of TJC; any affiliate, subsidiary, or any successor or assign of TJC; and any franchisee of TJC existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the ~~twelve (12)~~ months preceding the date of this Agreement. Whenever used in this Section, the term “Confidential Information” shall be defined as provided in ~~Section §~~9 of Seller’s

franchise agreement with TJC, which provisions are hereby incorporated by reference and shall expressly further include any audio or video recordings possessed by Seller and/or Lessee of conversations between TJC's employees and both Seller and/or Lessee, if applicable. "Confidential Information" shall also include the terms of this Agreement, and any related communications or negotiations thereto; unless the disclosure of such information shall be required of the Parties for the purposes of tax or legal disclosures.

- (b) Consideration. The undersigned parties acknowledge that consideration for this Agreement has been provided and is adequate.
- (c) Need for this Agreement. The undersigned parties recognize that in the highly competitive business in which TJC and its affiliates and franchisees are engaged, preservation of Confidential Information is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of TJC. Seller and the Lessee recognize that each of them has had substantial contact with TJC's employees, customers, consultants, vendors and suppliers and Confidential Information. For that reason, Seller and the Lessee may be in a position to take for his, her or its benefit the goodwill TJC has with its employees and customers (patients) and Confidential Information now or in the future. If Seller or the Lessee at any time after Closing takes advantage of such Confidential Information or goodwill for their own benefit, then the competitive advantage that TJC has created through its efforts and investment will be irreparably harmed.
- (d) Non-Competition with TJC. -Seller and Lessee agree that, for ~~thirty-six (36)~~ months following the date of Closing, neither Seller nor the Lessee, will have any direct or indirect interest (e.g., through a spouse, common law or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Chiropractic Business located or operating within ~~twenty-five (25)~~ miles of any chiropractic clinic currently or within such ~~thirty-six (36)~~ month period owned by TJC or operated by a TJC third party independent franchisee. The term "Chiropractic Business" means any business which derives more than ~~Ten Thousand Dollars (\$10,000.00)~~ of revenue per year ~~from the performance of chiropractic or related services, or any business~~ which grants franchises or licenses to others to operate such a business, with the sole exception of (i) a regional developer license granted by TJC or (ii) a franchise operated under a franchise agreement with TJC.
- (e) Non-Solicitation of TJC's Employees. Seller and Lessee agree that for ~~twelve (12)~~ months after the date of this Agreement, it, he or she will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any employees, suppliers, vendors or consultants of TJC, or any TJC franchisee or affiliated professional corporation to accept employment with any person, firm, or business that competes with any business of TJC or any TJC franchisee or affiliated professional corporation; or (b) induce, request, or advise any employee of TJC or TJC franchisee or affiliated professional corporation to terminate such employee's relationship with TJC or any TJC franchisee or affiliated professional corporation; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the employees of TJC or any TJC franchisee or affiliated professional corporation, except as required by law.

- (f) Non-solicitation of TJC's Customers (Patients). -Seller and Lessee each agrees that for ~~thirty six (36)~~ months after the date of this Agreement, it, he or she will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of TJC or any TJC franchisee or affiliated professional corporation to become customers of any person, firm, or business that competes with any business of TJC or any TJC franchisee or affiliated professional corporation; or (b) induce, request or advise any customer of TJC or any TJC franchisee or affiliated professional corporation to terminate or decrease such customer's relationship with TJC or any TJC franchisee or affiliated professional corporation; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the customers of TJC or any TJC franchisee or affiliated professional corporation, except as required by law.
- (g) Confidential Information.- Seller and Lessee agree at all times following the date of this Agreement, to hold the Confidential Information in the strictest confidence and not to use such Confidential Information for Seller's or Lessee's personal benefit, or the benefit of any other person or entity other than TJC, or disclose it directly or indirectly to any person or entity without TJC's express authorization or written consent. Seller and the Lessee fully understand the need to protect the Confidential Information and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to Confidential Information at any time.
- (h) Tolling. -To ensure that TJC will receive the full benefit of this Section §11, the provisions of Subsections (d), (e) and (f) of this Section §11 will shall be extended by a length of time equal to (i) the period during which Seller or Lessee is in violation of Seller or the Lessee's agreements under such Subsections, and (ii) without duplication, any period during which litigation that TJC institutes to enforce the Seller or Lessee's agreements under such Subsections is pending (to the extent that Seller or Lessee is in violation of Seller's or Lessee's agreements under such Subsections during this period).
- (i) Non-Disparagement: Each of the Parties expressly covenant and agree not to make any false representations, or to defame, disparage, discredit or deprecate any of the other Parties or otherwise communicate with any person or entity in a manner intending to damage any of the other Parties, the business conducted by any of the other Parties, or the reputation of any of the other Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by one of the Parties.

12. ~~Termination~~ TERMINATION.

- (a) This Agreement may be terminated by TJC, upon notice to Seller and the Lessee, if prior to or at Closing:
- (i) Seller or Lessee defaults in the performance of any of their material obligations under this Agreement and the default is not cured within five business days after TJC gives notice of the default to Seller and the Lessee; or

- (ii) any TJC Closing Condition is not satisfied as of ~~[June 4, 2020]~~ or satisfaction of any TJC Closing Condition is or becomes impossible (other than as a result of TJC's breach of or failure to perform its obligations under this Agreement), and TJC does not waive satisfaction of the condition; or
 - (iii) Closing does not occur on or before ~~[June 16, 2020]~~ (other than as a result of TJC's breach of or failure to perform its obligations under this Agreement).
- (b) ~~—~~ This Agreement may be terminated by Seller upon notice to TJC, if prior to or at Closing:
- (i) TJC defaults in the performance of any of its material obligations under this Agreement and the default is not cured within five (5) Business Days after Seller gives notice of the default to TJC;
 - (ii) any Seller Closing Condition is not satisfied as of ~~[June 4, 2020]~~ or satisfaction of any Seller Closing Condition is or becomes impossible (other than as a result of Seller's, or Lessee's breach of or failure to perform their obligations under this Agreement) and Seller does not waive satisfaction of the condition; or
 - (iii) Closing has not occurred by ~~[June 16, 2020]~~ (other than as a result of Seller's, or Lessee's breach of or failure to perform their obligations under this Agreement); or
- (c) This Agreement may be terminated by the written agreement of the Parties.
- (d) The right of termination under this ~~Section §~~12 is in addition to any other rights that a party may have under this Agreement or otherwise, and a party's exercise of its right of termination shall not be considered an election of remedies. Notwithstanding the termination of this Agreement pursuant to this ~~Section §~~12, the Parties' confidentiality obligations under ~~Section §~~11(g) shall survive termination and continue indefinitely.

13. ~~Indemnification of~~ INDEMNIFICATION OF TJC.

- (a) Subject to ~~Sections 15 and 16~~, Seller and the Lessee agree, jointly and severally, to indemnify TJC against and hold TJC harmless from:
- (i) any loss, liability, damage, cost or expense, including reasonable attorneys' fees and cost of investigation ("Loss") that TJC (or its directors, representatives, affiliates, employees, subsidiaries, and other related parties or individuals) may suffer or incur that is caused by, arises out of or relates to any inaccuracy in or breach of any representation and warranty by Seller or Lessee in ~~Section §~~6 of this Agreement;
 - (ii) any Loss that TJC may suffer or incur that is caused by, arises out of or relates to Seller's or Lessee's breach of or failure to perform any of their covenants and obligations in this Agreement in any material respect; or
 - (iii) any Loss that TJC may suffer or incur that is caused by, arises out of or relates to the assertion against TJC of an Excluded Liability.

~~—~~ Claims asserted by TJC under subsections (i), (ii) and (iii) above are hereinafter referred to as TJC's "Indemnification Claim(s)."

- (b) The benefit of the indemnification obligations of Seller and the Lessee under this ~~Section §~~13 shall extend to the respective officers, directors, employees and agents of TJC and its affiliates.

14. ~~Indemnification of Seller and the Lessee~~ INDEMNIFICATION OF SELLER AND THE LESSEE.

- (a) Subject to ~~Sections §~~15 and ~~§~~16, TJC agrees to indemnify Seller and the Lessee against and

hold each of them harmless from:

- (i) any Loss that Seller or the Lessee may suffer or incur that is caused by, arises out of or relates to any inaccuracy in or breach of any representation and warranty by TJC in [Section §7](#) of this Agreement;
- (ii) any Loss that Seller or the Lessee may suffer or incur that is caused by, arises out of or relates to TJC's breach of or failure to perform any of its obligations in this Agreement in any material respect; or
- (iii) any Loss that Seller or the Lessee may suffer or incur that is caused by, arises out of or relates to TJC's operation of the Subject Franchise after Closing.

Claims asserted by Seller or the Lessee under subsections (i), (ii) and (iii) above are hereinafter referred to as Sellers' or the Lessee's "Indemnification Claim(s)."

- (b) The benefit of TJC's indemnification obligation under this [Section §14](#) shall extend to the heirs and legal representatives of Seller and the Lessee.

15. ~~Threshold and Cap~~ THRESHOLD AND CAP.

- (a) In respect of TJC's assertion of an Indemnification Claim under [Section §13\(a\)\(i\)](#), TJC shall not be entitled to indemnification until the aggregate amount for which indemnification is sought exceeds \$5,000.00. If this threshold is reached, TJC may assert an Indemnification Claim for the full amount of the claim (going back to the first dollar) and may assert any subsequent Indemnification Claim under [Section §13\(a\)\(i\)](#) without regard to any threshold. The maximum aggregate amount for which TJC may assert Indemnification Claims under [Section §13](#) shall be the Purchase Price. No threshold or cap shall apply, however, in the case of any Loss caused by, arising out of or relating to any fraud or intentional misrepresentation.
- (b) In respect of Seller's and/or a Lessee's assertion of an Indemnification Claim under [Section §14\(a\)\(i\)](#), Seller and/or the Lessee shall not be entitled to indemnification until the aggregate amount for which indemnification is sought collectively exceeds \$5,000.00. If this threshold is reached, Seller and the Lessee may assert an Indemnification Claim for the full amount of the claim (going back to the first dollar) and may assert any subsequent Indemnification Claim under [Section §13\(a\)\(i\)](#) without regard to any threshold. The maximum aggregate amount for which Seller and/or the Lessee may assert Indemnification Claims under [Section §14](#) shall be the Purchase Price. No threshold shall apply, however, in the case of any Loss caused by, arising out of or relating to any fraud or intentional misrepresentation.
- (c) No threshold shall apply to TJC's assertion of an Indemnification Claim under Sections 13(a)(ii) or (iii) or to Seller's or Lessee's assertion of an Indemnification Claim under Sections 14(a)(ii) or (iii).

16. SURVIVAL, ~~Survival~~

- (a) An Indemnification Claim under [Sections §13\(a\)\(i\)](#) and [§14\(a\)\(i\)](#) may be asserted at any time prior to the second anniversary of the Closing Date, with the exception that:
 - (i) an Indemnification Claim under [Section §13\(a\)\(i\)](#) in respect of any inaccuracy in or breach of any of the representations and warranties in [Section §6\(c\)](#) ("Taxes") may be asserted at any time prior to the expiration of the applicable statute of limitation; and
 - (ii) an Indemnification Claim under [Section §13\(a\)\(i\)](#) in respect of any inaccuracy in or breach of any of the representations and warranties in [Sections §6\(b\)](#) ("Authority") and [§6\(d\)](#) ("Title to and Condition of Assets"), may be asserted at any time without limit, but

only as to Indemnification Claims related to title to Assets, not the condition of Assets.

- (b) An Indemnification Claim under ~~Sections §~~13(a)(ii) and (iii) and ~~Sections §~~14(a)(ii) and (iii) may be asserted at any time prior to ~~ninety (90)~~ days after the expiration of the applicable statute of limitation.

~~17. Notice of Indemnification Claim~~

17. NOTICE OF INDEMNIFICATION CLAIM.

- (a) The indemnified party may assert an Indemnification Claim by giving written notice of the Indemnification Claim to the indemnifying party. The indemnified party's notice shall provide reasonable detail of the facts giving rise to the Indemnification Claim and a statement of the indemnified party's Loss or an estimate of the Loss that the indemnified party reasonably anticipates that it will suffer. The indemnified party may amend or supplement its Indemnification Claim at any time, and more than once, by written notice to the indemnifying party.
- (b) If or to the extent that the Indemnification Claim is not in respect of a Third-Party Suit, ~~Section §~~18 shall apply. If or to the extent that the Indemnification Claim is in respect of a Third-Party Suit, ~~Section §~~19 shall apply.

~~18. Resolution of Claims~~RESOLUTION OF CLAIMS.

- (a) If the indemnifying party does not object to an Indemnification Claim during the 30-day period following receipt of the indemnified party's notice of its Indemnification Claim, the indemnified party's Indemnification Claim shall be considered undisputed, and the indemnified party shall be entitled to recover the actual amount of its indemnifiable loss from the indemnifying party, subject to the threshold, if any, in ~~Section §~~15(a) or (b).
- (b) If the indemnifying party gives notice to the indemnified party within the 30-day objection period that the indemnifying party objects to the indemnified party's Indemnification Claim, the indemnifying party and the indemnified party shall attempt in good faith to resolve their differences during the 30-day period following the indemnified party's receipt of the indemnifying party's notice of its objection. If they fail to resolve their disagreement during this 30-day period, either of them may unilaterally submit the disputed Indemnification Claim for non-binding arbitration before the American Arbitration Association in Phoenix, Arizona in accordance with its rules for commercial arbitration in effect at the time, which shall be a condition precedent to seeking resolution of the disputed Indemnification Claim before any court of competent jurisdiction. The award of the arbitrator or panel of arbitrators may include attorneys' fees to the prevailing party. The prevailing party may enforce the award of the arbitrator or panel of arbitrators in any court of competent jurisdiction.

~~19. Third Party Suits~~THIRD PARTY SUITS.

- (a) Indemnified party shall promptly give notice to indemnifying party of any suit, demand, or claim by a third person against indemnified party, for which indemnified party is entitled to indemnification under ~~Section §~~13(a) (a "Third Party Suit"), which may be given by notice of an Indemnification Claim in respect of the Third-Party Suit. Indemnified party's failure or delay in giving this notice shall not relieve indemnifying party from its indemnification obligation under this ~~Section §~~19(a) in respect of the Third-Party Suit, except to the extent that indemnifying party suffers or incur a loss or is prejudiced by reason of indemnified party's failure or delay.
- (b) Indemnified party shall control the defense of any Third-Party Suit. Indemnifying party shall be

entitled to copies of all pleadings and, at its expense, may participate in, but not control, the defense and employ its own counsel. Indemnifying party shall in any event reasonably cooperate in the defense of the Third-Party Suit.

- (c) Indemnified party's settlement of a Third-Party Suit shall also be binding on indemnifying party, in the same manner as if a final judgment in the amount of the settlement had been entered by a court of competent jurisdiction, if, as part of the settlement, indemnifying party receives a binding release providing that any liability of indemnifying party in respect of the Third-Party Suit is being satisfied as part of the settlement. Indemnified party shall give indemnifying party at least ~~thirty (30)~~ days' prior notice of any proposed settlement, and during this ~~thirty (30)~~-day period indemnifying party may reject the proposed settlement and instead assume the defense of the Third-Party Suit if:
- (i) the Third-Party Suit seeks only money damages and does not seek injunctive or other equitable relief against indemnified party;
 - (ii) Indemnifying party unconditionally acknowledges in writing to indemnified party that indemnifying party is obligated to indemnify indemnified party in full in respect of the Third-Party Suit (except for any matters that are not subject to indemnification under this Agreement);
 - (iii) the counsel chosen by indemnifying party to defend the Third-Party Suit is reasonably satisfactory to indemnified party;
 - (iv) Indemnifying party furnishes indemnified party with security reasonably satisfactory to indemnified party to assure that indemnifying party have the financial resources to defend the Third-Party Suit and to satisfy their indemnification obligation in respect of the Third-Party Suit;
 - (v) Indemnifying party actively and diligently defends the Third-Party Suit; and
 - (vi) Indemnifying party consults with indemnified party regarding the Third-Party Suit at indemnified party's reasonable request.

If indemnifying party assumes the defense of the Third-Party Suit, indemnified party shall be entitled to copies of all pleadings and, at its expense, may participate in, but not control, the defense and employ its own counsel.

- (d) Indemnifying party may settle a Third-Party Suit in which, indemnifying party controls the defense only if the following conditions are satisfied:
- (i) the terms of settlement do not require any admission by indemnifying party or indemnified party, in respect of any matters subject to indemnification under Sections §13 or §14 of this Agreement, that in indemnified party's reasonable judgment would have an adverse effect on indemnified party; and
 - (ii) as part of the settlement, indemnified party receives a binding release providing that any liability of indemnified party in respect of the Third-Party Suit is being satisfied as part of the settlement.
- (e) Indemnified party's failure to defend a Third Party Suit shall not relieve indemnifying party of its indemnification obligation under Section §13 or Section §14 of this Agreement if indemnified party gives indemnifying party at least ~~thirty (30)~~ days' prior notice of indemnified party's intention not to defend the Third Party Suit and affords indemnifying party the opportunity to assume the defense without having to satisfy the conditions in Section §19(c) for assuming the defense.

20. Expenses

EXPENSES. Each party shall pay its own expenses in connection with the negotiation and preparation of this Agreement and the closing of this transaction, including the process of determining and paying the amount of the Adjustments under ~~Section §~~4(d) above. In the event of termination of this Agreement prior to Closing pursuant to ~~Section §~~12, each Party’s obligation to pay its own expenses shall be subject to any right of recovery as a result of a default under this Agreement by the other party.

21. Schedules

SCHEDULES. Nothing in any Schedule to ~~Section §~~6 shall be considered adequate to constitute an exception to the related representation and warranty in ~~Section §~~6 unless the Schedule describes the relevant facts in reasonable detail. Any exception in a Schedule to ~~Section §~~6 shall be considered an exception to any other representation and warranty in ~~Section §~~6 to which the exception relates if it is reasonably apparent on its face that the exception in question relates to such other representation and warranty.

22. Parties’ Review

PARTIES REVIEW. Any knowledge acquired by a party (or that should have been or could have been acquired) as a result of any due diligence or other review or investigation in connection with the negotiation and execution of this Agreement and the closing of the transaction shall not limit that party’s right to rely on the other party’s representations and warranties in this Agreement or circumscribe that party’s entitlement to indemnification under this Agreement.

23. Publicity

PUBLICITY. Any public announcement or similar publicity regarding this Agreement or the transaction shall be issued only as, when and in the manner and form that TJC determines.

24. Notices **NOTICES.**

(a) All notices under this Agreement shall be in writing and sent by certified or registered mail, overnight messenger service, or personal delivery, as follows:

(i) if to Seller, to or in care of:

(iii) If to the Lessee:

(iii) if to TJC, to:

The Joint Corp.
16767 N. Perimeter Dr. Suite 110
Scottsdale, AZ 85260
Attention: Jorge Armenteros

with a required copy to:

Aaron Gagnon, Esq.
Warshawsky Seltzer, PLLC
~~9943 East Bell Road~~

14362 N. Frank Lloyd Wright Blvd., Suite 1000
Scottsdale, ~~AZ~~Arizona 85260

- (b) A notice sent by certified or registered mail shall be considered to have been given five business days after being deposited in the mail. A notice sent by overnight courier service or personal delivery shall be considered to have been given when actually received by the intended recipient. A party may change its address for purposes of this Agreement by notice in accordance with this ~~Section~~ §24.

~~25. Further Assurances and Cooperation~~

25. FURTHER ASSURANCES AND COOPERATION

- (a) The parties agree to (i) furnish to one another other such further information, (ii) execute and deliver to one another such further documents and (iii) do such other acts and things that any party reasonably requests for the purpose of carrying out the intent of this Agreement and the documents and instruments referred to in this Agreement. The Parties acknowledge that TJC may be required to conduct audits of the financial statements of the businesses operated using the Assets, and the Seller and the Lessee agree to cooperate with TJC and to provide it with any information reasonably available to the Seller and the Lessee to assist TJC and its representatives in conducting such audits. For ~~forty-five (45)~~ days following the Closing, Seller and Lessee shall provide to TJC such assistances as TJC reasonably requests to help ensure a smooth and orderly transition of ownership of the Subject Franchise.
- (b) The Parties acknowledge that TJC may be required by applicable laws and regulations to include financial statements and information relating to the Subject Franchise in TJC's financial statements, and TJC may be required to perform audits of the Subject Franchise's financial statements. Accordingly, the Seller and the Lessee agree to cooperate with TJC and to provide it with any information reasonably available to the Seller and the Lessee to assist TJC and its representatives in obtaining such financial statements, conforming such financial statements to applicable accounting standards and conducting such audits (Seller's and the Lessee's "Section 25(b) Duties"). Such information includes, but is not limited to, the financial books, records and work papers of Seller.

~~26. Waiver~~

WAIVER. The failure or any delay by any party in exercising any right under this Agreement or any document referred to in this Agreement shall not operate as a waiver of that right, and no single or partial exercise of any right shall preclude any other or further exercise of that right or the exercise of any other right. All waivers shall be in writing and signed by the party to be charged with the waiver, and no waiver that may be given by a party shall be applicable except in the specific instance for which it is given.

~~27. Entire Agreement~~

ENTIRE AGREEMENT. This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (together with (i) the Exhibits, (ii) the Schedules and (iii)

the Parties' Closing Documents) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement signed by the party to be charged with the amendment.

28. **Assignment**

ASSIGNMENT. No party may assign any of its rights under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, TJC may assign its rights, interests and duties under this Agreement and all ancillary documents to a third party TJC franchisee (who desires to step in to the shoes of TJC and complete the transaction contemplated by this Agreement) without the necessity of obtaining any consent of Seller or Lessee.

29. **No Third-Party Beneficiaries**

NO THIRD-PARTY BENEFCIARIES. Nothing in this Agreement shall be considered to give any person other than the parties any legal or equitable right, claim or remedy under or in respect of this Agreement or any provision of this Agreement. This Agreement and all of its provisions are for the sole and exclusive benefit of the parties and their respective successors, permitted assigns, heirs and legal representatives.

30. ~~Construction~~ **CONSTRUCTION.**

- (a) All references in this Agreement to "Section" or "Sections" refer to the corresponding section or sections of this Agreement.
- (b) All words used in this Agreement shall be construed to be of the appropriate gender or number as the context requires.
- (c) Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.
- (d) The captions of articles and sections of this Agreement are for convenience only and shall not affect the construction or interpretation of this Agreement.

31. **Severability**

SEVERABILITY. The invalidity or unenforceability of any term or provision, or part of any term or provision, of this Agreement shall not affect the validity and enforceability of the other terms and provisions of this Agreement, and this Agreement shall be construed in all respects as if the invalid or unenforceable term or provision, or part, had been omitted. In the event that any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable because it is too broad, such provision shall be interpreted to be only as broad as is enforceable.

~~2.2.1.1.~~ 32. **COUNTERPARTS.** ~~Counterparts~~ This Agreement may be signed in any number of counterparts (including by facsimile or portable document format (pdf)), all of which together shall constitute one and the same instrument.

33. **Governing Law**

GOVERNING LAW. This Agreement shall be governed by the internal Laws of the State of Arizona, without giving effect to any choice of law provision or rule (whether of the State of Arizona or any other state) that would cause the laws of any state other than the State of Arizona to govern this Agreement.

~~2.3.1.1.~~ 34. **BINDING EFFECT.** ~~Binding Effect~~ This Agreement shall apply to, be binding

in all respects upon and inure to the benefit of parties and their respective heirs, legal representatives, successors and permitted assigns.

~~IN WITNESS WHEREOF~~ * * *

In Witness Whereof, the Parties, through authorized representatives, hereto affix their signatures and execute this Agreement as of the Effective Date.

“Seller”

“TJC”

_____ THE LLC/INC, ALL OWNERS 5% OR **The**
Joint Corp., a Delaware corporation
ABOVE TO EXECUTE

By: _____

By: _____
Peter Holt, Chief Executive Officer

Date: _____

Date: _____

“Lessee”

By: _____

Its: _____

Print: _____

Date: _____

EXHIBIT A

The Lease

1. _____

[See attached Lease Agreement and all associated addendums for the Subject Franchise, by separate electronic attachment and/or by attachment below.]

EXHIBIT B

Bill of Sale and Assignment

This Bill of Sale and Assignment is made as of the date last set forth below (“Effective Date”) by _____, a _____ corporation/limited liability company, to and in favor of The Joint Corp., a Delaware corporation, and is delivered pursuant to Section 5 of the Asset and Franchise Agreement Purchase Agreement dated as of its Effective Date, by and among The Joint Corp., a Delaware corporation (“TJC”), and _____, a _____ corporation/limited liability company (“Seller” and “Lessee”) (the “Asset Purchase Agreement”).

Capitalized terms used in this Bill of Sale and Assignment without being defined have the same meanings that they have in the Asset Purchase Agreement.

For value received, the receipt and sufficiency of which is acknowledged, the Seller and Lessee grant, bargain, sell, deliver, transfer, assign and convey to TJC, its successors and assigns, all of their right, title and interest in, to and under the Assets, including, but not limited to, its right, title, interest and estate in, to, and under the following:

- (i) the franchise agreement between Seller and TJC for the Subject Franchise, a copy of which is attached to the Asset Purchase Agreement as Schedule 1(b)(i),
- (ii) ~~(ii)~~—all equipment, machinery, tools, maintenance supplies, office equipment, leasehold improvements, furniture, fixtures, inventories and supplies and other similar items of tangible personal property used by Seller in connection with the Subject Franchise which is more particularly listed and described in Schedule 1(b)(ii) attached to the Asset Purchase Agreement;
- (iii) ~~(iii)~~—all of Seller’s interest in any membership agreements, prepaid services packages and other agreements or arrangements Seller has made with patients of the Subject Franchise, together with any deposits or prepayments (for packages or otherwise) made by any patients covered by such agreements or arrangements to the extent related to services to be performed after Closing;

~~(iv) the trademarks, trade names, copyrights and all other intellectual property rights of Seller associated with the Subject Franchise and all of Seller’s goodwill attributable to the Subject Franchise;~~

(iv) (v) the trademarks, trade names, copyrights and all other intellectual property rights of Seller associated with the Subject Franchise and all of Seller’s goodwill attributable to the Subject Franchise;

~~(iv)(v)~~ all telephone numbers and domain names associated with the Subject Franchise;

~~(v)(vi)(vi)~~—to the extent transferable, all licenses, government approvals and permits and all other approvals and permits relating to the Subject Franchise;

~~(vi)(vii)~~ (vii)—all of Lessee’s interest as tenant (including leasehold improvements) under its lease for the premises occupied by the Subject Franchise, a copy of which is attached to the Asset Purchase Agreement as Exhibit A; ~~and~~

~~(vii)~~(viii) ~~(vii)~~—the agreements and contracts which TJC has expressly agreed to assume and which are listed on **Schedule 1(b)(ix)**; and

~~(viii)~~(ix) ~~(ix)~~—all of its other Assets that Seller and/or Lessee uses or holds for use in the operation of the Subject Franchise.

To have and to hold the Assets unto TJC, its successors and assigns forever. This Bill of Sale and Assignment does not convey any right, title or interest in the Excluded Assets.

~~IN WITNESS WHEREOF~~

In witness whereof, the Parties, through authorized representatives, hereto affix their signatures and execute this Bill of Sale and Assignment as of the date last set forth below.

“TJC”

“LESSEE”

THE JOINT CORP., a Delaware corporation

_____, a _____

By: _____

Peter Holt, Chief Executive Officer

Date: _____

By: _____

Its: _____

Date: _____

“SELLER”

IF LLC/INC, ALL OWNERS 5% OR ABOVE TO EXECUTE!

By: _____

Its: _____

Print: _____

Date: _____

EXHIBIT C –

General Release

The undersigned holds a direct or indirect interest in one or more of the parties to that certain Asset and Franchise Purchase Agreement dated as of its Effective Date, entered into by The Joint Corp., a Delaware corporation (“TJC”), _____, a _____ corporation/limited liability company (collectively, “Seller”), and _____ corporation/limited liability company (the “Lessee”), pursuant to which TJC acquired substantially all of the Assets of Seller and Lessee related to the Subject Franchise of TJC (the “Asset Purchase Agreement”). Capitalized terms used in this General Release without being defined have the same meanings that they have in the Asset Purchase Agreement.

—The undersigned is delivering this General Release to TJC pursuant to Section §9(b) of the Asset Purchase Agreement. The undersigned’s release of TJC was and is a material inducement to TJC to enter into and close the Asset Purchase Agreement.

—The undersigned waives and releases (i) any written notice required or right of first refusal granted to the undersigned under any operative instrument with respect to the Seller, the Lessee, the Assets, the Subject Franchise or any of them, (ii) any and all right, title and interest of the undersigned in, to and under any of the Asset, or the Subject Franchise. The undersigned specifically acknowledges and agrees that TJC will rely and is entitled to rely upon the effectiveness of this instrument in closing the transactions contemplated by the Asset Purchase Agreement, and that the undersigned will benefit personally (directly or indirectly) from the closing of those transactions.

Effective upon the closing of the transactions described in the Asset Purchase Agreement, and without the necessity of notice or any other additional act, the undersigned releases each of TJC, its officers, directors, attorneys and affiliates (“TJC Parties”) and Seller from any and all claims, demands and causes of action of any kind or nature whatsoever, including any claims or causes of action related to any of the following: (a) the Subject Franchise, (b) the Assets; and/or (c) the Franchise Agreement and any other agreements between the Parties, that the undersigned, either alone or with any one or more of the other members of Seller or Assignee, has had or may have, whether now known or unknown, as of Closing Date against the TJC Parties for any event occurring prior to Closing Date.

With respect to the matters hereinabove released, the undersigned knowingly waives all its rights and protection, if any, under Section §1542 of the Civil Code of the State of California, or any similar law of any state or territory of the United States of America. Section §1542 provides as follows:

1542 General Release; Extent. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him, must have materially affected his settlement with the debtor.

[SIGNATURES FOLLOW BELOW]

~~IN WITNESS WHEREOF~~ In Witness Whereof, the Seller and Lessee, through authorized representatives, hereto affix their signatures and execute this General Release as of the date last set forth below.

“SELLER” _____

“SELLER” _____

_____, an individual _____, a _____

IF LLC/INC, ALL OWNERS 5% OR ABOVE TO EXECUTE!

_____, a _____

By: _____ **By:** _____

_____ Print: _____

_____ Its: _____

_____ Date: _____

“LESSEE”

_____, a _____

By: _____

Print: _____

Its: _____

Date: _____

EXHIBIT D
SELLER'S CERTIFICATE

Sellers Certificate

This Sellers' Certificate ("Certificate") is delivered pursuant to Section §5 of the Asset and Franchise Agreement Purchase Agreement dated as of its Effective Date (the "Asset Purchase Agreement") entered into by The Joint Corp., a Delaware corporation ("TJC"), _____ a _____ corporation/limited liability company (collectively, "Seller"), _____, a _____ corporation/limited liability company (the "Lessee"), pursuant to which TJC acquired substantially all of the Assets of Seller and Lessee related to the Subject Franchise of TJC. Capitalized terms used in this Seller's Certificate without being defined have the same meanings that they have in the Asset Purchase Agreement.

I, _____, certify to TJC, as the Seller and sole shareholder of Lessee, as follows:

1. _____ is the Seller and sole shareholder of Lessee and Seller, and is authorized to execute and deliver this Certificate on Seller's and Lessee's behalf;
2. The representations and warranties in Section §6, as qualified or limited by any exceptions in the Schedules to Section §6, were true and correct as of the date of the Asset Purchase Agreement;
3. The representations and warranties in Section §6, as qualified or limited by any exceptions in the Schedules to Section §6, as they may have been amended, are true and correct in all material respects on the Closing Date as if made at and as of Closing;
4. Each of Seller and Lessee has performed, complied with or satisfied in all material respects all of the obligations, agreements and conditions under the Asset Purchase Agreement that it is required to perform, comply with or satisfy prior to or at Closing; and
5. Resolutions (and other corporate governance procedures) were duly adopted by us, as the sole shareholders of Lessee, to authorize its execution, delivery and performance of the Asset Purchase Agreement on behalf of Lessee. Lessee and Seller agree, as necessary, to promptly execute any documentation required by TJC to formalize any aspect of the Asset Purchase Agreement.

[SIGNATURES FOLLOW BELOW]

~~IN WITNESS WHEREOF~~ In Witness Whereof, the Seller and Lessee, through authorized representatives, hereto affix their signatures and execute this Seller's Certificate as of the date last set forth below.

~~“SELLER”~~ _____

_____, an individual _____, a _____

“SELLER” _____

IF LLC/INC, ALL OWNERS 5% OR ABOVE TO EXECUTE

_____, a _____

By: _____ ~~By:~~ _____

Print: _____

Its: _____

Date: _____

“LESSEE”

_____, a _____

By: _____

Print: _____

Its: _____

Date: _____

Schedule 1(b)(i)

Franchise Agreement

1. Franchise Agreement _____ dated _____ by and between The Joint Corp. and _____ for *The Joint Chiropractic* _____ Clinic located at _____.

[The Franchise Agreement shall be attached by separate electronic attachment and/or by attachment below.]

Schedule 1(b)(ii)

Personal Property of the Subject Franchise

[Seller and Lessee acknowledge the obligation to provide any detail of the Personal Property above,
and that any failure to include may be subject to a holdback of the Purchase Payment by TJC]

Schedule 1(b)(ix) – Assumed Contracts/Insurance Policies/Corporate Documentation

[Copies of each of the above-listed Assumed Contracts attached to be provided by the Seller and Lessee, and incorporated into this Agreement. Seller and Lessee acknowledge its obligation to provide all Assumed Contracts to TJC as a material condition of this Agreement.]

Schedule 2

Other Excluded Assets

NONE

Schedule 6(b)

Required Consents or Approvals

[See the Lease Agreement above]

Schedule 6(g)

List of Employees and Wage Information

Schedule 6(h)

Contracts

[See Schedule 1(b)(ix)]

EXHIBIT E
DUE DILIGENCE REQUEST

Due Diligence Request

The following information is requested to be provided by _____ (collectively, the “Company”), a _____(n) _____ corporation/limited liability company, to Jesse McBain, Aaron Gagnon and Jorge Armenteros on behalf of The Joint Corp. To the extent that any request below would be unduly burdensome to produce, please advise us so that we may discuss narrowing this request. For purposes of this request, the “Company” includes all of the Company’s respective subsidiaries and any predecessors. If any item on this list is inapplicable to the Company or if no information of the type requested exists, please indicate in writing.

1. Company Records:

- 1.1 The articles of organization and operating agreement, as amended to date, for the Company. Copies of any organizational charts relating to the organizational structure of the Company.
- 1.2 The minute books and membership interest ledgers for the Company, together with written consents and minutes of all meetings of the board of managers, any committees of the board of managers, and members of the Company, and all materials furnished to managers and members of the Company related thereto.
- 1.3 Copies of all certificates or other documentation representing membership interests of the Company. A list of each security holder of the Company and a description (including the number outstanding) of each class of securities issued and outstanding thereto.
- 1.4 List of all subsidiaries of the Company
- 1.5 The charter/formation documents and the related by-laws, partnership agreements and operating agreements, as applicable, as amended to date, for all of the subsidiaries of the Company and, to the extent in the possession of the Company, for any member of the Company that is an entity.
- 1.6 The minute books and stock/membership interest ledgers for all of the subsidiaries of the Company, together with written consents and minutes of all meetings of the board of directors/managers, any committees of the board of directors/managers, and shareholders/members of the subsidiaries of the Company, and all materials furnished to officers/managers and shareholders/members of the subsidiaries of the Company related thereto.
- 1.7 Copies of all certificates representing shares/membership interests of each of the subsidiaries of the Company. A list of each security holder of each of the subsidiaries of the Company and a description (including the number outstanding) he number of each class of securities issued and outstanding thereto.
- 1.8 List of all jurisdictions in which the Company and/or any of its subsidiaries does business and/or is/are currently qualified to do business as a foreign entity.
- 1.9 List of locations of all plants, offices, or other facilities of the Company and/or of its subsidiaries.
- 1.10 Copies of all certificates of authority or qualification issued by each jurisdiction in which the Company and/or its subsidiaries to do business as a foreign corporation.
- 1.12 A list of any significant mergers, acquisitions or dispositions entered into by the Company and/or any of its subsidiaries within the last five years.
- 1.13 The (i) federal tax identification number(s), (ii) the state tax identification number(s), and (iii) state organizational i.d. number for the Company and each of its subsidiaries.

2. Governmental Regulation:

- 2.1 Copies of any and all governmental permits, licenses, certifications, authorizations, consents or similar items of the Company and/or any of its subsidiaries.
- 2.2 Copies of the most recent reports of inspections of the Company's and/or any of its subsidiaries' businesses and properties conducted by governmental authorities, insurance companies or consultants;
- 2.3 Copies of any and all correspondence, information, reports, investigations, filings or other documentation relating to noncompliance by the Company and/or any of its subsidiaries with any laws or regulations during the past five years.

3. Financings:

- 3.1 A list of all outstanding loans and/or guarantees of the Company and/or any of its subsidiaries, and copies of any and all underlying financing documents related thereto. Including documentation that support current debt to shareholders.
- 3.2 A list and copy of all UCC filings on file in any jurisdiction with respect to the Company and/or any of its subsidiaries or any of their respective assets.

4. Employment and PC Agreement:

- 4.1 Copies of any and all PC agreements, employment agreements, consulting agreements, confidentiality agreements, non-compete agreements, severance agreements, change-of-control agreements, option agreements, commission agreements, and indemnification agreements to which the Company and/or any of its subsidiaries is/are a party. Copies of any employee handbooks issued or adopted by the Company and/or any of its subsidiaries.
- 4.2 A description of any complaints, disputes or grievances by or with employees, requests for arbitration, grievance proceedings, etc. during the past five years for the Company and/or any of its subsidiaries.
- [4.3](#) A list of any work stoppages, strikes or other labor actions affecting the Company and/or any of its subsidiaries in the past five years.
- 4.4 Copies of any and all pension, retirement, severance, profit sharing, medical, disability, hospitalization, insurance, deferred compensation, bonus, incentive, welfare or any other employee benefit plan, policy, agreement or practice currently or previously maintained by the Company and/or any of its subsidiaries for any of their respective personnel. A description of all sick leave, maternity leave, vacation and other paid absence policies for the Company and/or any of its subsidiaries.
- 4.5 A copy of each employee benefit plan of the Company and/or any of its subsidiaries; the most recent actuarial and financial reports prepared with respect to any employee benefit plan; the most recent annual report, if any, filed with any governmental authority for each employee benefit plan; and all Internal Revenue Service and Department of Labor rulings, and any open requests for rulings, and determination letters that pertain to any employee benefit plan of the Company and/or any of its subsidiaries. A copy of COBRA forms and procedures.
- 4.6 A list of the current officers, directors, managers, independent contractors and employees of the Company and/or any of its subsidiaries along with a description of their job duties and their jurisdiction of employment.
- 4.7 A list of all current employees of the Company,
- 4.8 Clinic rosters – employee name, address, date of birth, pay rate, position etc.
- [4.9](#) A copy of the last couple of payrolls for the clinic and Copies of I-9s.
- [4.10](#) Amount of vacation owed.
- 4.11 Information of sponsored visa of key employee

5. Certain Material Agreements:

- 5.1 Copies of any and all supply or requirements contracts to which the Company and/or any of its subsidiaries is a party.

- 5.2 Copies of any and all leases of real property and all leases of personal property to which the Company and/or any of its subsidiaries is/are a party. Confirmation that neither the Company nor any of its subsidiaries own any real estate.
- 5.3 Copies of any and all forms of all standard agreements (e.g., terms of purchase or sale, warranties, guaranties, non-competes, etc.) utilized by the Company and/or any of its subsidiaries in the ordinary course of its business.
- 5.4 Copies of any and all agreements of the Company and/or any of its subsidiaries with sales agents or other independent representatives.
- 5.5 Confirmation that there are no contracts, agreements or other documents containing any restrictions on financing, borrowing, the issuance or offering of any security of the Company and/or any of its subsidiaries, or the consummation of any asset or equity sale. Confirmation that there are no agreements relating to restrictions upon competition or restricting or purporting to restrict the ability of the Company and/or any of its subsidiaries to engage in any type of business or to operate in any geographic area.
- 5.6 Copies of any and all secrecy, confidentiality and nondisclosure agreements and any other contracts or agreements made otherwise than in the ordinary course of business by the Company and/or any of its subsidiaries in the past three years.
- 5.7 To the extent not already included in any of the above items, copies of each contract, lease or instrument entered into or binding upon the Company and/or any of its subsidiaries which (a) provides for aggregate payments by the Company and/or any of its subsidiaries in excess of \$10,000, (b) which is not terminable without penalty by the Company and/or any of its subsidiaries upon the provision of no more than 30 days' written notice, and/or (c) which is material to the operations or business of the Company.
- 5.8 Copies of any and all contracts containing termination or other provisions triggered by a sale of assets equity or change of control or requiring the consent of the Company and/or any of its subsidiaries.
- 5.9 Copies of any and all documentation evidencing any patents, patent rights, trademarks, trade names, service marks, brands, copyrights and other intellectual property rights issued in favor of the Company and/or any of its subsidiaries in any jurisdiction and register copies of all pending registrations and applications therefor.
- 5.10 Copies of any and all documents relating to any technology and/or intellectual property used or otherwise relied upon by the Company and/or any of its subsidiaries in the ordinary course of business, including, without limitation, any and all "work for hire agreements," right to use agreements, agreements relating to source code used by the Company and/or any of its subsidiaries, software development agreements, and license agreements.

6. Operating and Related Party Agreements:

- 6.1 Copies of any and all contracts relating to the Company's and/or any of its subsidiaries' securities to which the Company and/or any of its subsidiaries or any of their respective shareholders/members is a party, including operating agreements, shareholders' agreements voting trust agreement, option agreements, preemptive rights agreements, warrants, etc.
- 6.2 Copies of any and all agreements between the Company and any of its subsidiaries which are material to the conduct of the Company's business and/or which require the payment by the Company of any fees, royalties, compensation or other payments to any of the Company's subsidiaries, members, a relative of any member, entities owned by any member and/or relative or any member.

7. Litigation:

- 7.1 A schedule and description of all suits, actions, litigations, administrative proceedings or other governmental investigations or inquiries, currently pending, pending during the past five years or known to be contemplated, by any private party or governmental authority, affecting the business or operations of the Company and/or any of its subsidiaries, including amounts claimed and whether or not covered by insurance. Detail on workers' comp. experience for the past five years.

7.2 Copies of any and all consent decrees, judgments, other decrees or orders, settlement agreements and other agreements, to which the Company and/or any of its subsidiaries is/are a party or is bound, requiring or prohibiting any future activities or assessing any penalties for violations of laws.

8. Financial and Auditors:

8.1 Copies of any and all letters from the Company and/or any of its subsidiaries to any of the Company's and/or any of its subsidiaries, as applicable, independent public accountants in the past five years regarding certain representations requested by any of the Company's and/or any of its subsidiaries; independent public accountants in connection with their audit of the Company and/or any of its subsidiaries, as applicable.

8.2 Copies of any and all accountants' reports, audited financial statements and auditors letters to management from the Company's and/or any of its subsidiaries' respective auditors to the Company and/or any of its subsidiaries for the past five years and interim periods subsequent to the most recent fiscal year end.

8.3 ~~_____~~ CAPEX investments for the past year.

8.4 ~~_____~~ Monthly Income Statements for the most recent 12 months.

8.4 ~~_____~~ To present:

~~_____~~ Detailed List of Property Plant and Equipment (including its original purchase price, depreciation and book value)

~~_____~~ Detailed list of Accounts Receivable and Accounts Payable

~~_____~~ Detailed list of all prepaid accounts - including schedule of how much collected and what remains outstanding

8.5 ~~_____~~ List of any off-balance sheet liabilities not appearing in most recent financial statements (including the notes thereto)

8.6 ~~_____~~ To the extent they exist, current budgets, forecasts and cash projections for five years, including all supporting information

8.7 Allocation of assets and total value of assets for the clinic.

9. Insurance:

9.1 A list and brief description of any claims pending under any policies of insurance during the past five years.

9.2 Copies of any and all correspondence relating to the cancellation or non-renewal any policy of insurance during the last five years.

10. Intellectual Property:

10.1. ~~_____~~ A list of all software programs owned by the Company and/or any of its subsidiaries and used internally in connection with the Company's and/or any of its subsidiaries', as applicable, business.

10. ~~172~~ List of all internet domain names owned by the Company and/or any of its subsidiaries or otherwise used by any of them in their business, and a list of all internet domain names owned by third parties or by employees of the Company and/or any of its subsidiaries and used by Company and/or any of its subsidiaries in its business.

11. Tax Information:

11.1 Copies of Federal income tax returns for the years 2014, 2015 and 2016 for the Company and each of its subsidiaries.

11.2 Copies of all state income tax and unemployment tax returns for the years 2014, 2015 and 2016 for the Company and each of its subsidiaries.

11.3 Copies of any and all documents and correspondence relating to any pending tax investigations or inquires by any taxing authority in respect of the Company and/or any of its subsidiaries.

12. Real Property.

12.1 Real Property Leased. With respect to each parcel of real property which is leased by the Company, please provide copies of and/or information pertaining to:

- ~~_____~~ a. lease agreement and any addendums
- ~~_____~~ b. any correspondence from the landlord from the last six months.
- ~~_____~~ c. any information written or otherwise that the Company is or may be in violation of the terms of the lease.
- d. any information or notification from the landlord that it is in breach of the lease agreement and/or it may be renewing the lease.
- ~~_____~~ ~~d. any information or notification from the landlord that it is in breach of the lease agreement and/or it may be renewing the lease.~~
- ~~_____~~ e. title policies.
- f. amounts of deposits required.

13. Miscellaneous:

13.1 Copies of all complaints or demands received from any customers and independent contractors within the last twelve months with respect to the Company and/or any of its subsidiaries.

13.2 Copies of any and all other documents, reports, studies or information viewed by the officers and directors of the Company and/or any of its subsidiaries as material to the business, financial condition, prospects or operations of the Company and/or any of its subsidiaries.

13.3 Any marketing agreements with radio stations, TV stations, or other vendors.

- ~~_____~~ ~~f. amounts of deposits required.~~

~~13. Miscellaneous:~~

~~13.1 Copies of all complaints or demands received from any customers and independent contractors within the last twelve months with respect to the Company and/or any of its subsidiaries.~~

~~13.2 Copies of any and all other documents, reports, studies or information viewed by the officers and directors of the Company and/or any of its subsidiaries as material to the business, financial condition, prospects or operations of the Company and/or any of its subsidiaries.~~

~~13.3 Any marketing agreements with radio stations, TV stations, or other vendors.~~

13.5⁴ Summary of all local media and marketing relationships and details of those partnerships (including work with charities etc.)

13.6⁵ Digital versions of all artwork that has been created.

EXHIBIT E“H”-6

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of _____, 202__ (the “Effective Date”) by _____, a(n) _____ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of The Joint Corp., a Delaware corporation (“us,” and together with you and Owner, the “Parties”).

Background

- A. We signed a Franchise Agreement with you, dated _____, 202__ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a THE JOINT® clinic.
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [enter into a successor franchise agreement] and we have consented to such transfer [agreed to enter into a successor franchise agreement].
- C. As a condition to our consent to the transfer [your ability to enter into a successor franchise agreement], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [our entering into a successor franchise agreement], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]
3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]
4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor

Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. **Representations and Warranties.** You and Owner each represent and warrant that: (a) **[Insert franchisee entity name]** is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in **[Insert franchisee entity name]**.

6. **Miscellaneous.**

(a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

(b) This Agreement shall be construed and governed by the laws of the State of Arizona.

(c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

(d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

(e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

(f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

(g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

[Redacted]

By: _____

Name: _____

Title: _____

FRANCHISE OWNERS:

Name: _____

Name: _____

Name: _____

EXHIBIT “H”-7

LETTER OF INTENT

[See Attached]

LETTER OF INTENT FOR A THE JOINT CHIROPRACTIC FRANCHISE

(Clinic No: [_____])

Dear Prospective Franchisee:

Thank you for the interest you've expressed in acquiring franchise development rights for a *The Joint Chiropractic*[®] clinic (a "Clinic"). This Letter of Intent ("LOI") is a binding agreement between "you" (as identified on the signature page to this LOI) and The Joint Corp., a Delaware corporation d/b/a *The Joint Chiropractic* ("we" or "us"). You and we may be individually referred to herein as a "Party" or collectively as the "Parties". Please review this LOI carefully. If you agree to the terms set forth below, please sign where indicated on the signature page and send us an executed copy of this LOI together with a check for your Deposit. Keep in mind you may not sign this LOI or send us a check prior to the expiration of the 14-day "cooling off" period described in §3.

1. Nature and Purpose of LOI. You have elected to enter into this LOI in order to obtain our acceptance of the site for your Clinic before you sign a The Joint Franchise Agreement (the "Franchise Agreement") and pay the full initial franchise fee. The site we accept for your Clinic is referred to as your "Site". This LOI is a binding agreement that sets forth the terms and conditions pursuant to which you will seek to obtain our acceptance of your Site. While the terms of this LOI are binding on the Parties, the execution of this LOI does not commit you to sign the Franchise Agreement or acquire franchise rights. This LOI is neither an offer of a franchise nor a contract for the acquisition of a franchise. You will acquire franchise rights for your Clinic only at such time that both Parties sign the Franchise Agreement after we accept your Site.

2. Term. The term of this LOI (the "Term") begins on the Effective Date (as set forth on the signature page hereto) and expires 180 days thereafter, unless earlier terminated in accordance with §12. The Term is subject to extension in accordance with §4(d).

3. Deposit. At the time you sign this LOI, you will pay us the sum of \$10,000 (if you choose not to receive a protected Site Selection Area) or \$15,000 (if you choose to receive a protected Site Selection Area (in either case, the "Deposit"). You must pay the Deposit either by wire transfer of immediately available funds to an account we designate or by check made payable to "The Joint Corp." The Deposit is nonrefundable and earned in full upon execution of this LOI as a result of the time, energy and expertise devoted to you and which would otherwise be devoted to other prospective or existing franchisees seeking to purchase Clinic franchises. If the Parties sign a Franchise Agreement for the Clinic, the Deposit is fully credited towards the initial franchise fee imposed by the Franchise Agreement. The Deposit is nonrefundable, even if you choose not to sign the Franchise Agreement for any reason. **You must receive our Franchise Disclosure Document at least 14 days before you may sign this LOI or pay the Deposit.**

4. Site Selection Area.

(a) Generally, You must obtain our acceptance of the Site for your Clinic before the Term expires. All sites you propose must be located within the geographic area described in ATTACHMENT "A" (the "Site Selection Area"). You must choose between a non-protected Site Selection Area (in which case you pay us a \$10,000 Deposit) or a protected Site Selection Area (in which case you pay us a \$15,000 Deposit). You confirmed to us that you have chosen the following (we will check the appropriate box before you sign):

_____ I have selected a non-protected Site Selection Area and will pay a \$10,000 Deposit

_____ I have selected a protected Site Selection Area and will pay a \$15,000 Deposit

(b) Non-Protected Site Selection Area. If you choose a non-protected Site Selection Area, you will receive no territorial rights or protections to the Site Selection Area, and we shall have the unrestricted right to develop and operate, and grant rights to third parties to develop and operate, Clinics located anywhere within the Site Selection Area.

(c) Protected Site Selection Area. If you choose a protected Site Selection Area, then during the Protected Search Period (as defined below) we will not develop or operate, or grant rights to any person (other than you) to develop or operate, a Clinic located anywhere within the Site Selection Area, except as otherwise provided in this Section with respect to Captive Venues and Acquisitions (each defined below). At any time during the Protected Search Period, we reserve the right to: (i) develop and operate, and license third parties to develop and operate, Clinics in Captive Venues that are located within the Site Selection Area; and (ii) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including operating under the name THE JOINT® and our other marks) and are located within the Site Selection Area. At such time that the Parties sign a Franchise Agreement for your Clinic: (a) all territorial rights and protections set forth in this LOI shall terminate; and (b) your territorial rights and protections shall be limited to those set forth in the Franchise Agreement. All territorial rights and protections set forth in this Section shall immediately terminate upon the expiration of the Protected Search Period. For purposes of this Section:

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

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

“Protected Search Period” means the period of time commencing with the Effective Date of this LOI and expiring upon the earlier to occur of: (a) the 180th day after the Effective Date of this LOI; or (b) the date we designate your Territory in the Franchise Agreement signed by the Parties for your Clinic.

(d) Term Extension. If the Parties do not sign a Franchise Agreement before the expiration of the Term, you may send us a written request to extend the Term (an “Extension Request”). You must send the Extension Request at least 30 days before the expiration of the Term. The Extension Request must state: (i) that you anticipate a delay; (ii) the reason or reason(s) for the delay; (iii) the efforts you are making towards finding a Site that we accept; and (iv) a future date by which you expect to sign a lease for the Clinic. We will not unreasonably withhold approval of your request provided that you demonstrate to our satisfaction that you have used diligent and good faith efforts to find an acceptable Site before the expiration of the Term. If we approve your request, we will notify you in writing of the new Term expiration date. If you chose a protected Site Selection Area, we may, but need not, extend the Protected Search Period to coincide with the Term extension.

5. Site Acceptance Process. You must propose sites within the Site Selection Area that conform to our minimum site selection criteria. You must send us a complete site submission package that includes all documents, information, photos and video we require. In evaluating proposed sites, we consider various factors and criteria, including: parking; visibility, size, condition and characteristics of the building; traffic counts; general location; existence and location of competitive businesses; general character of the neighborhood; local demographic information; and various economic indicators. We will not unreasonably

withhold our acceptance of a site that meets our minimum site selection criteria. We will use best efforts to issue our acceptance or rejection of sites you propose within 15 business days after we receive the complete site submission package. Your site is deemed rejected if we fail to issue our written acceptance within the 15 business day period. We will list the address of the accepted Site in the Franchise Agreement signed by the Parties in accordance with §6. Our acceptance or recommendation of a Site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Clinic. It indicates only that we believe the site meets our minimum criteria. We are not responsible if a site we accept or recommend does not meet your expectations.

- 6. Execution of Franchise Agreement.** After we accept your Site, you must sign our then-current form of Franchise Agreement and pay us our then-current initial franchise fee (less the Deposit you pay in connection with this LOI). You may not sign a lease or purchase contract for the Clinic's premises prior to execution of the Franchise Agreement and payment of the initial franchise fee. You must comply with the provisions in the Franchise Agreement governing the lease or purchase contract for your Clinic's premises.
- 7. Confidential Information.** To enable you to perform your obligations under this LOI, we may share with you certain of our proprietary and confidential training materials ("Confidential Training Materials") prior to execution of the Franchise Agreement. You agree that: (a) you will not use the Confidential Training Materials for any purpose other than the performance of your obligations under this LOI and, if applicable, the Franchise Agreement; (b) you will not disclose any Confidential Training Materials to any other person without obtaining our prior written approval; and (c) if the Parties execute the Franchise Agreement, the Confidential Training Materials shall be deemed "Confidential Information" subject to protection under the terms of the Franchise Agreement. Notwithstanding the foregoing, you may disclose Confidential Training Materials to your co-owners listed in your franchise application, employees who intend to work at the Clinic and legal and business advisors, but only if they agree in writing to maintain the confidentiality of the Confidential Training Materials in accordance with the terms set forth in this Section.
- 8. Compliance with Laws.** Each Party agrees to comply with all applicable federal, state and local laws in connection with the performance of their obligations under this Agreement.
- 9. No Intellectual Property License.** Except for any Confidential Training Materials we provide to you in accordance with §7, this LOI does not grant you any right or license to use any Intellectual Property. For purposes of this LOI, "Intellectual Property" means any and all intellectual property owned by us or our affiliates, including, without limitation: (a) know-how and other confidential and proprietary information; (b) copyrighted materials for which we secure common law or registered copyright protection; (c) trademarks, service marks, logos, trade dress and other commercial symbols of origin pertaining to a Clinic or the products or services it sells; (d) patents, patent applications and derivatives thereof; and (e) the business format, model and operating system we developed for the operation of a Clinic. The Franchise Agreement is the only agreement that grants you a license to use our Intellectual Property (other than any Confidential Training Materials we provide). You may not promote or publicize any relationship between you and us or use our name or trademarks for any purpose without obtaining the prior written consent from our legal department, although you may present the executed LOI to prospective landlords.
- 10. Indemnification.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with: (a) your breach of this LOI, including the breach of any of your representations, warranties, covenants or obligations set forth herein; or (b) any negligence or intentional misconduct of you or any of your employees, agents, affiliates, assigns, independent contractors, officers, directors or principals. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must, within 30 days of receipt of a written notice, reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including, without limitation, mediation, arbitration or court expenses, expert fees and travel expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter. This indemnity shall survive the expiration, termination,

transfer or assignment of this LOI. For purposes of this section:

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

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

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

11. No Transfer or Assignment by You. Your rights under this LOI are personal to you. You are strictly prohibited from assigning this LOI or engaging in any other Transfer. For purposes of this Section, a “Transfer” means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, encumbrance, subdivision, sublicense or other transfer or disposition of: (a) this LOI (or any interest therein); or (b) any direct or indirect ownership interest in you (if you are a business entity).

12. Termination. We may terminate this LOI, effective upon delivery of a written notice of termination to you, if we learn that you made false, misleading, inaccurate or incomplete statements to us or to any of our representatives, either in your application for franchise rights or any in communications between you and us (or our representatives).

13. Miscellaneous.

(a) Governing Law. This LOI and the rights and obligations of the Parties hereto shall be governed by the laws of the State of Arizona without reference to its principles of conflicts of law.

(b) Relationship Between Parties. Neither Party may make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other Party.

(c) Notices. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days’ prior written notice):

YOU: As set forth on the signature page
US: The Joint Corp.
16767 N. Perimeter Dr., Suite 110
Scottsdale, Arizona 85260
Attention: Eric Simon
Email: Eric.Simon@TheJoint.com

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

(d) Severability. Each Section and Subsection of this LOI is severable. If any Section or Subsection of this LOI is unenforceable, it shall not affect the enforceability of any other Section or Subsection.

(e) Construction. The headings in this LOI are for convenience only and do not define, limit or construe the contents of the Sections or Subsections. All references to days in this Agreement refer to calendar days unless otherwise specified.

(f) Entire Agreement. This LOI constitutes the entire agreement between the Parties and may not be

changed except by a written document signed by both Parties.

(g) Counterparts. This LOI may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

AGREED AND ACCEPTED AS OF THE EFFECTIVE DATE

PROSPECTIVE FRANCHISEE (“YOU”)

Signature: _____

Printed Name: _____

Position: _____

Date: _____

Notice Address: _____

Attention: _____

Email: _____

FRANCHISOR

THE JOINT CORP., a Delaware corporation

Signature: _____

Name: Eric Simon

Title: Senior Vice President of Franchise Sales and Development

Date / Effective Date*: _____, 202

* The “Effective Date” of this LOI is the date we counter-sign this LOI as referenced above.

ATTACHMENT A
TO LETTER OF INTENT

SITE SELECTION AREA

Insert description

EXHIBIT “H”-8

VENDOR AGREEMENTS

[See Attached]

PAYSAFE MERCHANT PAYMENT CARD APPLICATION/AGREEMENT

Paysafe P.O. Box 8339
The Woodlands, TX 77387
Ph.: (800) 327-0093



Citizens Bank, N.A.
One Citizens Plaza
Providence, RI 02903
Ph.: (888) 211-4057

New Account		Additional Location Main Location MID:		Office #:	
Ownership Change Previous Owner's MID:			Agent Name:		Agent #:
I. BUSINESS INFORMATION (ALL FIELDS IN THIS SECTION ARE MANDATORY)					
Type of Ownership: <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> LLP <input type="checkbox"/> Non-Profit <input type="checkbox"/> Government					
Legal Business Name: (for Sole Proprietorships, enter Principal's name)				DBA:	
Federal Tax ID Number(TIN): (for Sole Proprietorships this may be your SSN)			Web site:		Email:
Important Notice: Failure to provide accurate Legal Business Name, TIN, EIN and/or SSN may result in a withholding of merchant funding per IRS regulations. See section XII fa-c IRS Reporting - Backup Withholding Certifications.					
CORPORATE ADDRESS AND INFORMATION			PHYSICAL ADDRESS AND INFORMATION <input type="checkbox"/> Same as Corporate Address		
Address:			Address: (No P.O. Box)		
City, State, Zip:			City, State, Zip:		
Phone:		Fax:		Phone:	
Customer Service Phone:			Date Business Started (Mo/Yr):		
Contact Name (First/Last):			Number of Locations:		MCC SIC Code: 8041
BUSINESS TYPE					
<input checked="" type="checkbox"/> Retail <input type="checkbox"/> Restaurant <input type="checkbox"/> Petroleum Pay at Pump <input type="checkbox"/> Charity <input type="checkbox"/> Public Sector <input type="checkbox"/> SIPS/Cable Recurring <input type="checkbox"/> Timeshare <input type="checkbox"/> Retail w/Tip <input type="checkbox"/> Fast Food <input type="checkbox"/> Petroleum Pay Clerk <input type="checkbox"/> Utility <input type="checkbox"/> Passenger Transport <input type="checkbox"/> SIPS/Telecom Recurring <input type="checkbox"/> Cruise Line / Steamships <input type="checkbox"/> Mail/Phone <input type="checkbox"/> Lodging <input type="checkbox"/> Supermarket <input type="checkbox"/> Government <input type="checkbox"/> Insurance Bill Pay <input type="checkbox"/> Airlines/Carriers <input type="checkbox"/> Cash Advance/Bank's Only <input type="checkbox"/> Internet <input type="checkbox"/> Convenience <input type="checkbox"/> Car/Truck Rental <input type="checkbox"/> Emerging Market <input type="checkbox"/> Real Estate Bill Pay					
Percent of Business (MUST = 100%)			Sales Method (MUST = 100%)		
85 % Card Swiped / EMV		85 % Store Front (Cardholder Present)		% Internet Services (eCommerce)	
% Keyed (Card Present)		15 % Mail / Phone Order		% Other, Specify:	
15 % Keyed (Card Not Present)		List all 3 rd -party agents that have access to cardholder data:			
II. PRODUCT ADVERTISING, SALES, AND DELIVERY - REQUIRED QUESTIONS 1-4 MUST BE ANSWERED FOR ALL MERCHANTS - MOTO/CARD NOT PRESENT: QUESTIONS 5-12 MUST BE ANSWERED					
1. Description of product sold: Chiropractic			7. How do you advertise? <input type="checkbox"/> Catalog <input checked="" type="checkbox"/> TV or Radio <input checked="" type="checkbox"/> Direct Mail/Flyers <input checked="" type="checkbox"/> Internet		
2. Do you currently accept Visa/MC/Discover® Network? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes, attach 3 months statements)			8. Is your business seasonal? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Months _____ to _____		
3. When you receive an authorization, how long before the merchandise is shipped?			9. Who owns product? <input checked="" type="checkbox"/> Merchant <input type="checkbox"/> Vendor (Drop Ship Required)		
4. What is your return, cancellation, or refund policy? <input type="checkbox"/> Refund w/in 7 days <input type="checkbox"/> Refund w/in 30 days <input type="checkbox"/> Exchange Only <input type="checkbox"/> None <input checked="" type="checkbox"/> Other (Specify) See the Joint Merchant Contract			10. Name of fulfillment house, if any: N/A		
5. What percentage of sales transactions are with international cards? ____ 1 %			11. List the name(s) and address(es) of vendor(s) from whom the product is purchased:		
6. What percentage of your business is Deposits / Future Services? ____ 0 % Percentage Deposit Required: ____ % Incremental Payments (Percentages: ____ %, ____ %, ____ %, ____ %)			12. What is your warranty/guaranty? By Merchant <input type="checkbox"/> By Manufacturer <input type="checkbox"/> Provide description:		
III. ASSOCIATION DISCLOSURE (Visa and Mastercard Member Bank: Citizens Bank, N.A., One Citizens Plaza, Providence, RI 02903 (888) 211-4057)					
Association Disclosure: Merchant Understands and Agrees to the Following Language Regarding Responsibilities: Member Bank Responsibilities: (1) A VISA member is the only entity approved to extended acceptance of VISA products directly to a merchant. (2) A VISA member must be a principal (signer) to the Merchant Agreement. (3) A VISA member is responsible for and must provide settlement funds to the merchant. (4) A VISA member is responsible for all funds held in reserve that are derived from settlement. (5) A VISA member is responsible for educating merchants on pertinent VISA International Operating Regulations with which merchants must comply. Merchant Responsibilities: (1) Ensure compliance with cardholder data security and storage requirements. (2) Maintain fraud and chargebacks below thresholds. (3) Review and understand the terms of the Merchant Agreement. (4) Comply with VISA International Operating Regulations. (You may download "Visa Regulations" from Visa's website at: https://usa.visa.com/support/merchant.html . You may download "Mastercard Regulations" from Mastercard's website at https://www.mastercard.us/en-us/business/overview/support/rules.html). The responsibilities listed above do not supersede the terms of the Merchant Agreement (including the Terms and Conditions that are a part hereof) and are provided to ensure that the merchant understands some of the most important obligations of each party and that the VISA Member is the ultimate authority should the Merchant have any problems.					
Print Name		Title	Signature		Date
			X		

IV. PROCESSING VOLUME (ALL CARD TYPES)					
Average Ticket	Maximum High-End Ticket	Monthly Bank Card Volume	Monthly Amex Volume		
\$ 50.00	\$ 500.00	\$ 60000	\$ 3000		
V. MERCHANT SITE SURVEY (TO BE COMPLETED BY SALES REPRESENTATIVE)					
Merchant Location: <input checked="" type="checkbox"/> Store Front <input type="checkbox"/> Warehouse <input type="checkbox"/> Other <input type="checkbox"/> Office Building <input type="checkbox"/> Website (DOMAIN REQUIRED) <input type="checkbox"/> Residence		Area Zoned: <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Industrial <input type="checkbox"/> Residential			
Business Location: <input type="checkbox"/> Owned <input type="checkbox"/> Leased		Permanent Signage? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is Business Legitimate? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Inventory Consistent with Business? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>					
I hereby certify that I have conducted my review of this merchant to the best of my ability and that, to the best of my knowledge and belief, the information set forth in this Application is true and accurate. Inspected By (Print name) _____ Signature X _____ Date _____					
VI. COMMENTS					
VII. OWNERS/OFFICERS (MUST REFLECT OWNERSHIP OF 25% OR MORE)					
Ownership: Each individual who directly or indirectly owns 25% or more of equity interest of the within named legal entity.					
Owner 1	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
Owner 2	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
Owner 3	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
Owner 4	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
Controller: Any individual with significant management responsibility (example: CEO, CFO, Treasurer, President, VP, etc.)					
Controller	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
I hereby certify, to the best of my knowledge, that the information provided above is complete and correct. Print Name _____ Title _____ Signature X _____ Date _____					
VIII. EQUIPMENT INFORMATION					
Terminals: Brand: <input type="checkbox"/> VeriFone <input type="checkbox"/> PAX <input type="checkbox"/> FD <input type="checkbox"/> Other _____ Model: _____ <input type="checkbox"/> Reprogram Brand: <input type="checkbox"/> VeriFone <input type="checkbox"/> PAX <input type="checkbox"/> FD <input type="checkbox"/> Other _____ Model: _____					
<input type="checkbox"/> IP Serial #: _____ <input type="checkbox"/> Wireless Serial #: _____		Wireless SIM #: _____ Wireless ESN #: _____ Wireless HEX #: _____		<input type="checkbox"/> PIN Pad Model: _____	
<input type="checkbox"/> Multi-Merchant Main MID: _____		Gateways: Gateway Name: _____ Email Address: _____		POS/Softwares: POS/Software Name: _____ POS/Software Version: _____	
Front-end: <input type="checkbox"/> Omaha <input type="checkbox"/> Nashville <input type="checkbox"/> North <input type="checkbox"/> Bypass <input type="checkbox"/> TSYS			Back-end: <input type="checkbox"/> Omaha <input type="checkbox"/> TSYS		
Download: <input type="checkbox"/> Enable Contactless If Phone Code Needed For Dial Out, Please Enter Below: (i.e. '8', '9', etc...) Dial Code: _____		Terminal Automatic Close: <input type="checkbox"/> Yes <input type="checkbox"/> No Time: _____ AM <input type="checkbox"/> PM Time Zone: <input type="checkbox"/> Pacific <input type="checkbox"/> Mountain <input type="checkbox"/> Central <input type="checkbox"/> Eastern		<input type="checkbox"/> Retail <input type="checkbox"/> Retail w/Tip <input type="checkbox"/> Restaurant / Tipline <input type="checkbox"/> OSR / Small Ticket <input type="checkbox"/> MOTO / Full A/S <input type="checkbox"/> Hotel Check-In/Out <input type="checkbox"/> EBT Food/Cash (FNS Certificate Required) <input type="checkbox"/> EBT Cash Only <input type="checkbox"/> Weight Express <input type="checkbox"/> Voyager	

IX. CARD ACCEPTANCE

Accept all Mastercard, Visa, and Discover, and American Express Transactions (presumed, unless any selections below are checked)

Mastercard Acceptance:	Visa Acceptance:	Discover Acceptance:	American Express Acceptance:
<input type="checkbox"/> MC Credit transactions	<input type="checkbox"/> Visa Credit transactions	<input type="checkbox"/> Discover Credit transactions	<input type="checkbox"/> American Express Credit transactions
<input type="checkbox"/> MC Non-PIN Debit transactions	<input type="checkbox"/> Visa Non-PIN Debit transactions	<input type="checkbox"/> Discover Non-PIN Debit transactions	<input type="checkbox"/> American Express Opt Out

See Paragraph 1.5 for details regarding limited acceptance.

X. RATES & FEES (FOR VISA, MASTERCARD, DISCOVER AND AMERICAN EXPRESS UNLESS OTHERWISE NOTED)

Pricing Structure (MC, VISA, DISC)	Discount	Rate	Non-Qualified Surcharge	Plus Dues and Assessments			
				ERR Rate	Credit	Debit	Non-Qualified
<input checked="" type="checkbox"/> Interchange Plus (Plus Dues and Assessments)		0.40 %	+ %	<input type="checkbox"/> Tiered Pricing	Credit %	+ %	+ \$ 0.00
<input type="checkbox"/> Flat Rate Fee		0.40 %	+ %	<input type="checkbox"/> ERR Pricing	Debit %	+ %	+ \$ 0.00

Transaction Fee (includes returns):	\$ 0.10 (per transaction)	American Express OptBlue	Qualified	Mid-Qualified	Non-Qualified
Other Item Fee - Credit:	\$	Pricing Structure:	0.40 %	+ %	+ \$ 0.00
Other Item Fee - Signature Debit:	\$	<input checked="" type="checkbox"/> Cost Plus Pricing	ERR Rate:	%	<input checked="" type="checkbox"/> Opt out of American Express Card Marketing Materials
Other Discount Rate - Credit:	%	<input type="checkbox"/> Tiered Pricing	Transaction Fee:	\$ 0.10	
Other Discount Rate - Signature Debit:	%	<input type="checkbox"/> ERR Pricing	Card Network Fees:	Pass Through	
Discover Direct	Transaction Fee:	<input type="checkbox"/> Flat Rate Fee	System Processing Fee:		0.00 %
Discover Direct #:	\$ (per transaction)	American Express Direct	Amex Direct SE #:		Transaction Fee: \$ (per transaction)

Address Verification Fee:	\$ 0.05 (per inquiry)	ACH Reject Fee:	\$ 35.00 (each)	<input type="checkbox"/> EBT Cash	<input type="checkbox"/> EBT Food Stamp
Voice Authorization Fee:	\$ 0.85 (per inquiry)	ACH Change Fee:	\$ 10.00 (each)	FNS #:	Per Trans \$
Batch Header Fee:	\$ 0.07 (per batch)	Security Research Fee (Divert):	\$ 25.00 (per month)	<input type="checkbox"/> Wright Express Rate:	\$ 5. % + \$ (per transaction)
Touch Tone Transaction Fee:	\$ 1.75 (per inquiry)	Online Access Fee:	\$ (per month)	<input type="checkbox"/> Voyager Rate:	3.5 % + \$ (per transaction)
Monthly Minimum Discount Fee:	\$ 0.00	Regulatory Product Fee:	\$ (per month)	Annual Fee:	\$ 35.00
Monthly Service Fee:	\$ 99.00	Invalid TIN / Mismatch Fee:	\$ (per month)	MasterCard Location Fee:	\$ 1.25 (per month)
Chargeback Fee:	\$ 25.00 (each)	PCI Protection Plan:	\$ 0.00 (per month)		
Retrieval Fee:	\$ 10.00 (each)	PCI Compliance Non-Validation Fee:	\$ 16.95 (per month)		
Initial One Time Setup Fee:	\$	Interchange Clearing Fee:	0.00 %		
<input checked="" type="checkbox"/> Gateway	Monthly Fee: \$ 49.00	+ Update Card Fee:	\$ 7.50	Gateway Setup Fee:	\$ 50.00
<input type="checkbox"/> PIN Based Debit	Discount Rate: %	+ Transaction Fee:	\$	Monthly PIN Debit Access Fee:	\$ (Plus pass through network fees)
<input type="checkbox"/> Wireless	Monthly Fee: \$	+ Transaction Fee:	\$	Wireless Setup Fee:	\$

In addition, the Card Brands (Visa, Mastercard, American Express, Discover, Etc.) may charge various additional fees under certain circumstances, which are referred to as "pass through fees" because, if charged, are passed through by us to the Merchant. Pass through fees may include, by way of example only, verification fees, authorization fees, international transaction fees, return fees, and data usage fees, among others.

XI. BANKING INFORMATION

Banking Information for Deposits:	Banking Information for Withdrawals:	<input type="checkbox"/> Same as Bank Account #1
Bank Account #1 (DDA): (attach copy of voided check)	Bank Account #2 (DDA): (attach copy of voided check)	
Bank Routing #1 (ABA):	Bank Routing #2 (ABA):	
Bank Name:	Bank Name:	
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> General Ledger	<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> General Ledger	
Discount Method: <input type="checkbox"/> Daily <input checked="" type="checkbox"/> Monthly	Deposit Time Frame: <input type="checkbox"/> Standard (1 Day Hold) <input checked="" type="checkbox"/> Alternate Funding (subject to approval)	
	<input type="checkbox"/> Same Day Funding (subject to approval) (Separate addendum required)	

XII. MERCHANT ACCEPTANCE – IRS REPORTING – CORPORATE RESOLUTION – ASSOCIATION DISCLOSURE – AMERICAN EXPRESS MERCHANT ACCEPTANCE			
<p>BY SIGNING BELOW, MERCHANT AGREES TO ALL OF THE FOLLOWING AND CERTIFIES UNDER THE PENALTIES OF PERJURY THAT THE STATEMENTS BELOW ARE TRUE AND ACCURATE:</p>			
<p>1. IRS Reporting – Backup Withholding Certifications</p> <p>a. TAXPAYER I.D. NUMBER: The Tax Payer Identification Number as shown above (TIN) is my correct taxpayer identification number.</p> <p>b. BACKUP WITHHOLDING: I am not subject to backup withholding, either because I have not been notified that I am subject to withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.</p> <p>c. The above named payee is a U.S. citizen or other U.S. person (including, a partnership, corporation, company or association created or organized in the United States or under the laws of the United States).</p>			
<p>2. Merchant Payment Card Agreement Acceptance:</p> <p>Each person signing below certifies that all information provided in this application is true, correct, and complete, and each person agrees to be bound by all provisions set forth in this document, including, but not limited to the Terms and Conditions, which is hereby incorporated by reference for all purposes (Terms and Conditions can be obtained by visiting https://www.paycom.com/resources/content/agreements/Payscale_CItem_7_Cx_0422.pdf). Each person authorizes the Bank or any credit reporting agency employed by the Bank or any agent of the Bank, to make whatever inquiries the Bank deems appropriate to investigate, verify or research references, statements or data obtained from the Merchant for the purpose of this application. An additional copy of the Terms and Conditions will be sent to the business entity indicated above along with the welcome letter upon approval of such business entity to accept payment cards by Citizens Bank, N.A. Pursuant to Section 8.1 of the Terms and Conditions, the initial term is for a length of three (3) years and the Merchant Agreement will automatically renew for additional three (3) year periods, unless terminated by any party upon written notice at least thirty (30) days prior to the end of the then existing term. In the event MERCHANT terminates this Agreement prior to the maturity date of the initial term, MERCHANT SHALL be liable to SERVICE PROVIDERS for an early termination fee equal to (i) \$350.00 per location if terminated before completion of the first year of the Term; or (ii) \$250.00 per location if terminated after completion of the first year of the Term but prior to the end of the third year of the Term ("Early Termination Fee"). For detailed information related to the termination rights and obligations set forth in this Merchant Agreement, see Sections 2.14, 2.15, 2.17, 2.18, 2.27, 2.30, 2.34, 7.2, 7.3, Section 8 in its entirety 9.3.2 and 10.16, of the Terms and Conditions, which are a part of this Merchant Agreement.</p>			
<p>3. Merchant Acknowledgements and Consents:</p> <p>MERCHANT and each individual person signing below acknowledges and consents as follows:</p> <p>a. The Terms and Conditions, which can be obtained at https://www.paycom.com/resources/content/agreements/Payscale_CItem_7_Cx_0422.pdf, together with this Merchant Payment Card Application, constitute the AGREEMENT among the parties. MERCHANT is responsible for reading and understanding the Terms and Conditions and agrees to be bound by all of their terms.</p> <p>b. MERCHANT may be enrolled in Additional Services as defined and described in the Terms and Conditions, for which applicable fees will be incurred. MERCHANT acknowledges and agrees that Additional Services are subject to the Merchant Agreement, including the Terms and Conditions and documents referenced therein. The provisions of the Merchant Agreement regarding Additional Services constitute an agreement solely between MERCHANT and PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC, a Delaware limited liability company ("COMPANY"). MERCHANT specifically authorizes COMPANY and its affiliates to collect fees and other charges applicable to Additional Services from MERCHANT'S ACH Account (as described below) in accordance with their respective fee schedules as amended from time to time by COMPANY pursuant to the ACH Account. The undersigned agree that the signature page of this Application shall also serve as the signature for the Merchant Agreement as applicable to Additional Services, including fees and charges. MERCHANT may cancel Additional Services and avoid further fees for such Additional Services by following the procedures explained in the applicable notice for Additional Services.</p> <p>c. MERCHANT acknowledges and agrees that COMPANY and its affiliates and their third party subcontractors and/or agents may use automatic telephone dialing systems to contact MERCHANT at the telephone number(s) MERCHANT has provided in this Application, or as may be updated by MERCHANT from time to time, and/or may leave a detailed voice message in the event that MERCHANT is unable to be reached, even if the number provided is a cellular or wireless number or if MERCHANT has previously registered on a Do Not Call list or requested not to be contacted for solicitation purposes. MERCHANT hereby consents to receiving commercial electronic messages (including but not limited to text messages) from COMPANY and its affiliates and their third party subcontractors and/or agents from time to time. MERCHANT may withdraw its consent to receive automated calls and/or commercial electronic messages by calling toll free 800-327-0893.</p>			
<p>TO MERCHANT: A fully countersigned copy of this Merchant Agreement shall be made available to MERCHANT upon request. However, MERCHANT and the undersigned hereby acknowledge and agree that submission of an Application does not constitute approval and that this Merchant Agreement, whether or not signed by COMPANY or SERVICE PROVIDERS, will become fully effective and shall be fully binding upon the parties hereto upon SERVICE PROVIDERS' assignment and issuance of a Merchant Account Number to MERCHANT.</p>			
<p>4. Resolution:</p> <p>FOR ALL MERCHANTS WHO ARE LLCs, PARTNERSHIPS AND/OR CORPORATIONS – RESOLUTION – The indicated officer/partner identified signing below has the authorization to execute the Merchant Payment Card Agreement with Payscale Payment Processing Solutions, LLC on behalf of the herein named LLC, partnership or corporation.</p> <p>MERCHANT AGREES TO ITEMS 1-4 ABOVE BY SIGNING HERE:</p> <p>The Internet/Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.</p>			
Print Authorized Signer #1 Name	Title	Authorized Signer #1 Signature X	Date
Print Authorized Signer #2 Name	Title	Authorized Signer #2 Signature X	Date
Print Authorized Signer #3 Name	Title	Authorized Signer #3 Signature X	Date
Print Authorized Signer #4 Name	Title	Authorized Signer #4 Signature X	Date
Print Authorized Signer #5 Name	Title	Authorized Signer #5 Signature X	Date
XIII. PERSONAL GUARANTEE			
<p>Personal Guaranty: The undersigned Guarantor(s) hereby, individually, agree to the terms set forth in section 2.16 of this Merchant Agreement. The undersigned Guarantor further agree to pay to the SERVICE PROVIDERS all expenses (including attorney fees and court costs) paid or incurred by the SERVICE PROVIDERS in collecting such obligations and in enforcing this Guaranty.</p>			
Guarantor #1 Name		Guarantor #1 Signature X	Date
Guarantor #2 Name		Guarantor #2 Signature X	Date
XIV. COMPANY ACCEPTANCE – INTERNAL USE ONLY PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC AUTHORIZED REPRESENTATIVE			
Payscale Payment Processing Solutions, LLC Representative Signature:			Date
X			

MERCHANT PAYMENT CARD APPLICATION - TERMS & CONDITIONS

This AGREEMENT is made by and among CITIZENS BANK, N.A., a national banking association ("BANK"), and PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC, a Delaware corporation ("Paysafe", and together with BANK, the "SERVICE PROVIDERS"), on the one hand, and the undersigned, "MERCHANT", on the other hand and is subject to the approval of SERVICE PROVIDERS. The parties hereto agree as follows:

LO AGREEMENT

- 1.1 This document, as well as other documents executed by MERCHANT, pursuant to the acceptance of SERVICE PROVIDERS, shall be incorporated herein and made a part hereof and shall constitute the entire agreement between SERVICE PROVIDERS and MERCHANT.
- 1.2 MERCHANT agrees that throughout the term of this Agreement, it will not use the services of any bank, corporation, entity or any person other than SERVICE PROVIDERS for the processing of payment card transactions with the following exception:
- 1.3 MERCHANT may designate a third party that does not have a direct agreement with SERVICE PROVIDERS as its agent for the direct delivery of data-captured Visa transactions to VisaNet for clearing and settlement. MERCHANT must:
- Advise SERVICE PROVIDERS that it will use a third party agent.
 - Agree that SERVICE PROVIDERS must reimburse MERCHANT only for the amount of Visa transactions delivered by SERVICE PROVIDERS to VisaNet, less the appropriate discount fee.
 - Assume responsibility for any failure by its agent to comply with the Visa International Operating Regulations, including but not limited to, any violation resulting in a chargeback.
- 1.4 MERCHANT acknowledges that SERVICE PROVIDERS may provide financial transaction processing hereunder through contracts or subcontracts with third parties engaged in the business of transaction processing and authorization.
- 1.5 SERVICE PROVIDERS hereby notifies MERCHANT that the following options are available hereunder: (i) MERCHANT may elect to accept ONLY consumer credit and commercial cards; (ii) MERCHANT may elect to accept ONLY consumer debit cards; OR (iii) MERCHANT may elect to accept consumer credit and commercial cards and consumer debit cards.

2.0 Rights, Duties, and Responsibilities of Merchant**2.1 MERCHANT shall honor all cards provided:**

- The card is valid and is presented to MERCHANT at the time of the sale by the authorized cardholder or an authorized user of the card account. A card is valid only if it is presented on or after the valid date, if any, and before the expiration date shown on its face.
 - The card is used as payment for products which are sold or rendered by MERCHANT under this Agreement.
 - The MERCHANT has followed procedures as established by SERVICE PROVIDERS for completion of sales drafts.
- 2.2 MERCHANT agrees to complete sales drafts in conformity with the terms of this Agreement, American Express Rules and Regulations, the Visa and Mastercard's ("Card Association") Rules and Regulations, Discover® Network Operating Regulations, and additionally must comply with the following:
- For transactions that are not mail, phone orders or internet orders, unless electronically swiped, the imprint of the card, including the name of the cardholder, the cardholder account number and the card's expiration date;
 - MERCHANT is not authorized to accept mail or phone order transactions unless specifically authorized by SERVICE PROVIDERS and that acceptance of such transactions without written authorization from SERVICE PROVIDERS will constitute a breach of the Agreement. If MERCHANT is authorized to accept mail or phone order transactions, the name of the cardholder, the cardholder account number and the expiration date;
 - The signature of the cardholder or authorized card user. In the case of mail or phone orders, the letters MO or TO, as the case may be, shall be clearly indicated on the sales draft;
 - The date of the sale;
 - A short description of the products sold or rendered;
 - The total cash price of the sale or the words "deposit" or "balance" if full payment is to be made in this manner at different times on different sales drafts; and
 - The city and state wherein such transaction occurred.
- Type of fuel sold and odometer reading (if permitted by POS device) in the case of fleet card transactions.
- (i) MERCHANT shall deliver a completed copy of the sales draft to the cardholder.
- 2.3 MERCHANT'S policy for the exchange or return of goods sold and the adjustment for services rendered shall be (i) established and posted in accordance with operating regulations of the applicable Card Associations, or American Express' Rules and Regulations, and/or Discover Network Operating Regulations; (ii) such refund policy shall not treat any payment card more favorably than any other payment card; and (iii) MERCHANT agrees to disclose, if applicable, to a cardholder before a card sale is made, that if merchandise is returned:
- No refund, or less than full refund, will be given;
 - Returned merchandise will only be exchanged for similar merchandise of comparable value;
 - Only a credit toward purchases will be given; or
 - Special conditions or circumstances apply to the sale (e.g., late delivery, delivery charges, or other noncredit terms).

If MERCHANT does not make these disclosures, a full refund in the form of a credit to the cardholder's card account must be given. MERCHANT shall under no circumstances issue cash for returns of products where products were originally purchased in a card transaction. Disclosures must be made on all copies of sales drafts or invoices in letters approximately 1/4 inch high in close proximity to the space provided for the cardholder's signature or on an invoice issued at the time of the sale or on an invoice being presented for the cardholder's signature. SERVICE PROVIDERS will not reimburse the MERCHANT for interchange, dues, fees and assessments on returns and refunds. SERVICE PROVIDERS will bill MERCHANT on gross processing volume.

2.4 MERCHANT may not process for payment any transaction(s) representing the refinancing of an existing obligation of a cardholder including, but not limited to, obligations (i) previously owed to MERCHANT, (ii) arising from the dishonor of a cardholder's personal check, and/or (iii) representing the collection of any other pre-existing indebtedness.

2.5 MERCHANT must not disclose a cardholder account number, personal information, or other transaction information to third parties other than to MERCHANT'S agent, SERVICE PROVIDERS, or SERVICE PROVIDERS' agent for the sole purpose of assisting MERCHANT in completing the transaction or as required by law. MERCHANT must store all material containing cardholder account numbers or imprints in an area limited to selected personnel and render all data unreadable prior to discarding. MERCHANT must not retain or store magnetic-stripe data verification data subsequent to authorization of a transaction.

2.6 MERCHANT agrees it will not require, unless specifically allowed by law, any cardholder to pay any part of any discount or charge imposed upon MERCHANT by this Agreement, whether through any increase in price or otherwise. Further, unless specifically allowed by law MERCHANT will not require a customer presenting a card for payment to pay any charge not also required from a person paying cash. These terms shall not, however, be construed as prohibiting discounts to customers for payments in cash.

- 2.7 MERCHANT agrees to obtain an authorization on all transactions. Any transaction which cannot be authorized electronically through a terminal is subject to a voice authorization charge. MERCHANT will obtain an authorization prior to completing a keyed transaction. Any transaction which is not properly authorized is made with full recourse and may be charged back to MERCHANT; furthermore, any keyed transaction will be subject to additional charges for a non-qualifying transaction. MERCHANT understands that an authorization does not constitute a guarantee of payment, only available credit and may be subject to dispute or chargeback. By signing this Agreement, Merchant agrees that the use of a "store & forward" terminal means that Merchant has the ability to store a disputed transaction at the terminal level when there is no phone line available. When a phone line becomes available, Merchant would then upload the transaction for a possible approval. Merchant understands and agrees that if Merchant uses this type of terminal, there is no guaranty whatsoever that once the transactions are uploaded Merchant will receive an approval. If Merchant allows the release of merchandise/service to the cardholder before receiving approval, Merchant agrees that this is to be done at Merchant's sole risk.
- 2.8 MERCHANT shall not complete any card sale for which an authorization has been declined. Any unauthorized card transaction is made with full recourse to MERCHANT, and SERVICE PROVIDERS may charge back the amount of such card sale to MERCHANT.
- 2.9 MERCHANT acknowledges that SERVICE PROVIDERS shall have full recourse to charge back the amount of a card sale for which (a) the imprint of the card is not obtained or (b) the signature of the cardholder is not obtained and the cardholder disputes that he/she authorized the charge.
- 2.10 MERCHANT agrees to electronically deposit sales drafts and credit vouchers no later than the business day following the transaction date.
- 2.11 (a) MERCHANT shall, at all times, maintain an account at a bank that is a member of the Federal Reserve ACH System ("the Account"). All credits for collected funds and debits for fees, payments and chargebacks under the terms of this Agreement shall be made to the Account. MERCHANT may not close or change the Account without written notice to SERVICE PROVIDERS. MERCHANT will be solely liable for all fees and costs associated with the Account and for all overdrafts. MERCHANT will maintain sufficient funds in the Account to accommodate all transactions, including fees, contemplated by this Agreement.
- (b) MERCHANT shall promptly upon receipt, examine, balance, and reconcile all statements relating to the Account. Additionally, MERCHANT shall daily balance and reconcile all DAILY deposit and debit totals to confirm accuracy. MERCHANT is required to notify SERVICE PROVIDERS IN WRITING of any and all errors on MERCHANT'S statements and/or DAILY totals. Each such written notice shall contain the following information: (i) MERCHANT name and account number, (ii) the specific dollar amount of the asserted error, (iii) a detailed description of the asserted error, and (iv) a detailed explanation of why MERCHANT believes an error exists and the cause of the error, if known. The written notice MUST be RECEIVED by SERVICE PROVIDERS within ninety (90) days after MERCHANT receives the statement (regarding an asserted error on a statement) or within ninety (90) days from the date the alleged error on a DAILY total was made. **FAILURE TO TIMELY SEND THE NOTICE REFERRED TO HEREIN CONSTITUTES A WAIVER OF ANY AND ALL RIGHTS MERCHANT MAY HAVE AGAINST SERVICE PROVIDERS RELATED TO THE ASSERTED ERROR.**
- (c) MERCHANT agrees to fees for maintenance activities including but not limited to Account changes and returned mail as disclosed in the Rates and Fees section of the Agreement.
- 2.12 MERCHANT assumes the responsibility for storage of all sales drafts and credit vouchers. Failure to provide SERVICE PROVIDERS with requested documentation within five (5) business days after receipt of such request may result in the transaction being charged back to MERCHANT, and SERVICE PROVIDERS shall have the right to debit the Account for full amount of the transaction in question.
- 2.13 MERCHANT shall pay any fees charged to MERCHANT by the telephone company for the preparation of the site(s) prior to installation of electronic data capture terminals and/or peripheral equipment.
- 2.14 MERCHANT shall not deposit any transaction for the purpose of obtaining or providing a cash advance. MERCHANT agrees that any such deposit shall be grounds for immediate termination.
- 2.15 MERCHANT must notify SERVICE PROVIDERS in writing of any changes to the information in this Application, including but not limited to:
- Transfer or sale of any substantial part of its total assets, or liquidate;
 - Change the basic nature of its business, including selling any products or services not related to its current business;
 - Change ownership or transfer control of its business; or
 - Enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in MERCHANT'S business.
- The notice must be received by SERVICE PROVIDERS within ten (10) business days of the change. MERCHANT will provide updated information to SERVICE PROVIDERS within a reasonable time upon request. Failure to provide notice as required above may be deemed as material breach and shall be sufficient grounds for immediate termination of MERCHANT. In the event any of the changes listed above should occur, SERVICE PROVIDERS shall have the option to renegotiate the terms of this Agreement or provide thirty (30) days' notice of termination. MERCHANT is liable to SERVICE PROVIDERS for all losses and expenses incurred by SERVICE PROVIDERS arising out of a failure to report changes to SERVICE PROVIDERS.
- 2.16 MERCHANT is liable for repayment to SERVICE PROVIDERS for all valid chargebacks. SERVICE PROVIDERS will comply with American Express' Operating Regulations, Card Association' prevailing Rules and Regulations, and/or Discover Network Operating Regulations in processing any chargebacks which result from cardholder disputes. However, all disputes which are not or cannot be resolved through established chargeback procedures shall be settled between MERCHANT and the cardholder, and MERCHANT will indemnify SERVICE PROVIDERS and will provide reimbursement for all expenses, including reasonable attorney's costs, which it may incur as the result of any cardholder claim which is pursued outside the American Express', or Card Association's Rules and Regulations, and/or Discover Network Operating Regulations. In the event of a chargeback loss to SERVICE PROVIDERS, MERCHANT hereby transfers and assigns to SERVICE PROVIDERS any lien rights that it has or may have on the merchandise sold to the cardholder. Additionally, MERCHANT is prohibited against billing or collecting from any cardholder for any purchase or payment on a payment card unless a chargeback has been initiated, MERCHANT has fully paid for the chargeback, and it has the right to collect on such chargeback.
- 2.17 MERCHANT shall not accept or deposit any fraudulent transactions and may not under any circumstances present for processing or credit, directly or indirectly, a transaction which originated with any other merchant or any other source. MERCHANT shall be prohibited from making a deposit of a credit transaction without a preceding debit. MERCHANT shall not, under any circumstances, deposit telemarketing transactions under this Agreement unless authorized by SERVICE PROVIDERS in advance of processing any telemarketing transactions. If MERCHANT deposits any such transaction, MERCHANT may be immediately terminated and SERVICE PROVIDERS may hold funds and/or demand an escrow pursuant to Sections 4 and 8; further, MERCHANT may be subject to VISA, Mastercard, and Discover Network reporting requirements set forth in Section 8.8.
- 2.18 MERCHANT will not deposit duplicate transactions. MERCHANT shall be debited for any adjustments for duplicate transactions and shall be liable for any chargebacks which may result therefrom. Merchant will be liable for any fees assessed by the Card Association's Rules and Regulations, American Express Operating Regulations, and/or Discover Network Operating Regulations to the SERVICE PROVIDERS.
- 2.19 MERCHANT shall not initiate a sales transaction in an attempt to collect a chargeback.
- 2.20 Discount/Pee Schedule
- (a) MERCHANT'S Account will be debited daily and/or monthly, through ACH for amounts set forth in the pricing schedule which is part of this Agreement, and

for any other fees or charges incurred by MERCHANT and associated with processing services. MERCHANT is obligated to pay all taxes and other charges imposed by any governmental authority on the services provided under this Agreement. SERVICE PROVIDERS reserves the right, in its sole discretion, to change, amend, add, or adjust any discount rates or fees set forth herein, in accordance with Section 10.6 of this Agreement.

(b) The "Qualified Retail Discount Rate" will be charged on all magnetic stripe or chip read ("swiped") customer present retail payment card transactions that are electronically authorized, closed in a daily batch, and where the customer's signature is obtained. Additionally, for the Qualified Discount Rate to apply, payment cards have to be either US bank issued consumer credit card (excluding rewards cards) or payment cards have to be signature debit cards or prepaid debit cards issued by a "Regulated U.S. Bank", ("Regulated U.S. Bank", meaning any issuer that together with its affiliates, has assets equal to or greater than ten billion (\$10,000,000,000); "Non-Regulated U.S. Bank", meaning any issuer that together with its affiliates has assets less than ten billion (\$10,000,000,000). The "Mid-Qualified Retail Discount Rate" will be charged on all manually keyed or electronic commerce transactions, that have address verification (also known as "AVS" and is available only for Visa cards), and closed in a daily batch, or any traditional rewards card, signature debit card or prepaid debit card issued by a Non-Regulated U.S. Bank that would otherwise qualify for the Qualified Retail Discount Rate. The "Non-Qualified Retail Discount Rate" will be charged on all commercial, commercial rewards, international issued, or signature rewards card transactions, which include but are not limited to Visa Signature and Signature Preferred, Mastercard World Elite and High Value, Discover Premier and Premier Plus. All other transactions that do not meet the criteria for Qualified Retail Discount Rate or Mid-Qualified Retail Discount Rates will be downgraded to the Non-Qualified Retail Discount Rate.

(c) The Enhanced Recover Reduced ("ERR") pricing will be charged if selected in the Rates and Fees section of this Agreement. Under ERR pricing only, any transaction that does not meet the criteria for the Qualified Retail Discount Rate will be charged the sum of the following: (i) Qualified Retail Discount Rate, (ii) the Non-Qualified Retail Discount Rate and fees, and (iii) the difference between the actual interchange cost as assessed by the Card Associations and the interchange cost assessed on a transaction that qualifies for a Qualified Retail Discount Rate.

(d) Increase in long-distance communications costs and processing charges from third-party vendors may be reflected in increased discount rates.

(e) MERCHANT'S pricing is partially based upon the annual volume, average ticket and method of doing business stated in this MERCHANT Application. If the actual volume and average ticket are not as warranted or if MERCHANT significantly alters its method of doing business, SERVICE PROVIDERS may adjust MERCHANT'S discount and/or transaction fees without prior notice. Merchants using AVS (Address Verification System) will be charged for each address verification request. This is in addition to the transaction fee. In the event of multiple locations, each location shall be considered to have a separate MERCHANT PAYMENT CARD AGREEMENT for all fee purposes. For the purposes of charging Transaction Fees under this Agreement, "transaction" is defined as any action by a merchant that results in activity to a cardholder or merchant account, including authorizations, batch closings, sales, or returns.

2.21 MERCHANT understands that there shall be fees, chargebacks, assessments, and/or amounts which shall arise as a result of the Agreement, both during and after termination of the Agreement. MERCHANT authorizes SERVICE PROVIDERS to debit via ACH from any account held by MERCHANT at any financial institution in the amount of any amount owed by MERCHANT under this Agreement, including but not limited to any amounts owed for fees, chargebacks and or assessments which shall arise after termination of this Agreement. This ACH authorization will remain in effect after termination of this Agreement or until SERVICE PROVIDERS has received written notice terminating this authorization. MERCHANT will indemnify and hold SERVICE PROVIDERS harmless for any action they take pursuant to this Section. MERCHANT will also indemnify and hold harmless any other financial institution for acting in accordance with any instructions from SERVICE PROVIDERS pursuant to this Section.

2.22 MERCHANT will be assessed a fee for each return ACH debit as disclosed in the Rates and Fees section of the Agreement.

2.23 MERCHANT will be assessed a merchant investigation fee for suspicious activity and/or Agreement deviations up to a maximum of ten percent (10%) of the dollar amount investigated.

2.24 A dorm fee, as disclosed in the Rates and Fees section of the Agreement, will be charged per month for a special account maintained at SERVICE PROVIDERS to house diverted funds for MERCHANT.

2.25 MERCHANT agrees that Excessive Activity during any monthly period will be a breach of this Agreement and cause of immediate termination. Excessive Activities include (i) chargebacks in excess of one percent (1%) of the sales transactions processed, (ii) sales activity that exceeds by 25% the dollar volume indicated on the Application, (iii) the dollar amount of returns exceeds 20% of the average monthly dollar amount of MERCHANT'S card transactions, (iv) other ratios required by VISA, Mastercard, Discover Network, or SERVICE PROVIDERS. SERVICE PROVIDERS will provide MERCHANT with any information possessed by SERVICE PROVIDERS which may enable MERCHANT to recover from others the amount of any sale charged back to MERCHANT. MERCHANT understands that SERVICE PROVIDERS will assess a fee per chargeback per presentation and a fee for each retrieval and each representation request.

2.26 Any transaction that has not received an authorization, or that is deposited (transmitted) more than two (2), but not greater than thirty (30), business days following the transaction date, or that is made with a foreign card will be subject to a non-qualified increase. NOTE: Days allowed for settlements are calculated by excluding the transaction date, Sundays and holidays, and including the processing (settlement) date.

2.27 MERCHANT will use its reasonable, best efforts to recover any card: (i) on VISA cards, if the printed four digits above the embossed account number do not match the first four digits of the embossed account number, (ii) if MERCHANT is advised by SERVICE PROVIDERS (or its designee), the issuer of the card or the designated voice authorization center to retain it, (iii) if MERCHANT has reasonable grounds to believe the card is counterfeit, fraudulent or stolen, or not authorized by the cardholder, (iv) on Discover Network cards, if the printed four digits on the signature panel do not match the last four digits of the embossed account number, or if the card does not have the Discover Network acceptance mark in the lower right corner on both sides of the card, or (v) for Mastercard, the embossed account number, indent printed account number and/or encoded account number do not agree, or the card does not have a Mastercard hologram on the lower right corner of the card face.

2.28 ELECTRONIC COMMERCE

(a) MERCHANT may process electronic commerce ("EC") transactions only if it has so indicated in this Agreement and only if MERCHANT has obtained SERVICE PROVIDERS' consent, and only if the transactions have been encrypted by a third party vendor acceptable to SERVICE PROVIDERS. If MERCHANT submits EC transaction(s) without SERVICE PROVIDERS' consent, SERVICE PROVIDERS may immediately terminate this Agreement. All transactions must comply with data security requirements as described in the Data Security Section of the Merchant Payment Card Application. MERCHANT understands that transactions processed via EC are high risk and subject to a higher incidence of chargebacks. MERCHANT is liable for all chargebacks and losses related to EC transactions, whether or not: (i) EC transactions have been encrypted; and (ii) MERCHANT has obtained SERVICE PROVIDERS' consent to engage in such transactions. Encryption is not a guarantee of payment and will not waive any provision of this Agreement or otherwise validate a fraudulent transaction. All communication costs related to EC transactions are MERCHANT'S responsibility. MERCHANT understands that SERVICE PROVIDERS will not manage the EC telecommunications link and that it is MERCHANT'S responsibility to manage that link. All EC transactions will be settled by SERVICE PROVIDERS into a depository institution in the United States in U.S. currency.

(b) Whereas, MERCHANT desires to honor at its business location(s) Card Numbers presented in connection with the Mail/Telephone/Internet sale of products/ services to customers the parties hereto agree to the following: (i) MERCHANT agrees to use and retain proof of a traceable delivery system as means of shipment of product to customer, (ii) MERCHANT agrees that transactions will not be processed until products are shipped to the cardholder. For goods to be shipped on EC

MERCHANT PAYMENT CARD APPLICATION/AGREEMENT

transactions, MERCHANT may obtain authorization up to seven (7) calendar days prior to shipment date. MERCHANT need not obtain a second authorization if the sales draft amount is within fifteen percent (15%) of the authorized amount, provided that the additional amount represents shipping costs. Further, MERCHANT'S website must contain all of the following information: i) complete description of the goods or services offered, ii) returned merchandise and refund policy, iii) customer service contact, including electronic mail address and/or telephone number, iv) transaction currency (such as US or Canadian dollars), v) export or legal restrictions, if known, and vi) delivery policy.

(c) MERCHANTS engaging in EC agree to provide a detailed business description to SERVICE PROVIDERS.

2.29 MERCHANT warrants and agrees that MERCHANT shall fully comply with all federal, state, and local laws, rules and regulations, as amended from time to time, including the Federal Truth-in-Lending Act, Regulation E, and Regulation Z of the Board of Governors of the Federal Reserve System.

2.30 This Agreement shall be effective only upon acceptance by SERVICE PROVIDERS.

2.31 MERCHANT agrees to pay, in addition to any and all other fees referred to herein, a non-refundable annual customer service fee per year per location. This fee shall be generated and charged any time within one year from the date of this Agreement. The actual date of the initial charge (within said first year) shall be at the sole discretion of SERVICE PROVIDERS. The fee shall be debited from the Account for the initial year and on the anniversary date (of the initial charge) for each year thereafter that the Account is in force. In the event this Agreement is terminated, for any reason, no portion of a charged annual customer service fee shall be rebated to MERCHANT.

2.32 MERCHANT agrees that in the event MERCHANT fails to pay SERVICE PROVIDERS on a chargeback loss, MERCHANT hereby assigns any rights it may have against the cardholder (related to said chargeback loss) to SERVICE PROVIDERS.

2.33 MERCHANT must not deposit a transaction receipt until it does one of the following:

- Completes the transaction,
- Ships or provides the goods, except as specified in the Delayed Delivery Transactions section of the Visa International Operating Regulations,
- Performs the purchase service, or obtains the cardholder's consent for a recurring transaction.

2.34 MERCHANT will not present any sales draft or other memorandum to SERVICE PROVIDERS for processing (whether by electronic means or otherwise) which relate to the sale of goods or services for future delivery without SERVICE PROVIDERS' prior written authorization. If SERVICE PROVIDERS has previously given such consent, MERCHANT represents and warrants to SERVICE PROVIDERS that you will not rely on any proceeds or credit resulting from such transactions to purchase or furnish goods or services. MERCHANT will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or proceeds resulting from sales drafts or other memoranda taken in connection with future delivery transactions.

2.35 All disputes between MERCHANT and any cardholder relating to any card transaction will be settled between MERCHANT and the cardholder. SERVICE PROVIDERS bears no responsibility for such transactions.

2.36 As a primary inducement to SERVICE PROVIDERS to enter into this Agreement, the Guarantor(s) indicated on this Application, by signing this Application, jointly and severally, unconditionally and irrevocably, guarantee the continuing full and faithful performance and payment by MERCHANT of each of its duties and obligations to SERVICE PROVIDERS pursuant to this Agreement, as it now exists or amended from time to time, with or without notice. Guarantor(s) understands further that SERVICE PROVIDERS may proceed directly against Guarantor(s) without first exhausting its remedies against any other person or entity responsible therefore to it or any security held by SERVICE PROVIDERS or MERCHANT. Guarantor(s) authorizes SERVICE PROVIDERS to debit via ACH from any account singly or jointly held by Guarantor(s) at any financial institution in the amount of any amount owed by Guarantor(s) under this Agreement. This ACH authorization will remain in effect after termination of this Agreement, and until SERVICE PROVIDERS has received written notice terminating this authorization and all Guarantor(s) obligations to SERVICE PROVIDERS have been paid in full. Guarantor(s) will indemnify and hold SERVICE PROVIDERS harmless for any action they take pursuant to this Section. Guarantor(s) will also indemnify and hold harmless any other financial institution for acting in accordance with any instructions from SERVICE PROVIDERS pursuant to this Section. This guarantee will not be discharged or affected by the death of the Guarantor, will bind all heirs, administrators, representatives and assigns and may be enforced by or for the benefit of any successor of SERVICE PROVIDERS. Guarantor(s) understands that the inducement to SERVICE PROVIDERS to enter into this Agreement is consideration for the guaranty, and that this guaranty remains in full force and effect even if the Guarantor(s) receives no additional benefit from the guaranty.

2.37 MERCHANT must not establish a minimum or maximum dollar amount as a condition of honoring a debit card transaction.

2.38 Legislation has passed ("Truncation Laws") requiring terminals to suppress all but the last few digits from the cardholder's account number, as well as the expiration date. MERCHANT is responsible for compliance. Although federal law is in place regarding this issue, specific state laws may have more strict deadlines and requirements. MERCHANT is required to check its specific state law to be sure that MERCHANT is in compliance.

2.39 In accordance with the requirements of the Unlawful Internet Gambling Enforcement Act of 2006 and Regulation GG, MERCHANT understands that restricted transactions are prohibited from being processed through the Merchant Account or relationship with SERVICE PROVIDERS. Restricted transactions are transactions in which a person accepts credits, funds, instruments, or other proceeds from another person in connection with unlawful Internet gambling. By signing this agreement, MERCHANT certifies that its business does not engage in Internet gambling. MERCHANT understands transactions related to the sale of cannabis are restricted. MERCHANT agrees that it will notify SERVICE PROVIDERS in the event of any change in circumstance.

2.40 MERCHANT agrees to identify all third party agents involved in the payment process that may have access to cardholder data.

2.41 MERCHANT agrees to provide SERVICE PROVIDERS with previous processor statements as requested.

2.42 MERCHANT agrees not to deposit a transaction receipt that it knows or should have known to be either fraudulent or not authorized by the cardholder.

2.43 MERCHANT agrees that MERCHANT shall be solely responsible for its employees' actions while in MERCHANT'S employ.

2.44 MERCHANT agrees that it shall not require a cardholder to complete a postcard or similar device that includes the cardholder's account number, card expiration date, signature, or any other card account data in plain view when mailed.

2.45 MERCHANT agrees that it shall not request or use an account number for any purpose other than as payment for its goods or services.

2.46 MERCHANT agrees that it shall not add any tax to transactions, unless applicable law expressly requires that a MERCHANT be permitted to impose a tax.

2.47 MERCHANT agrees that it shall not disburse funds in the form of travelers cheques if the sole purpose is to allow the cardholder to make a cash purchase of goods or services from MERCHANT.

2.48 MERCHANT agrees that it shall not disburse funds in the form of cash, unless:

- MERCHANT is Lodging or Cruise Line merchant disbursing cash to a Premium Visa Product cardholder, as specified in Visa International Operating Regulations
- MERCHANT is dispensing funds in the form of travelers cheques, Visa Travel Money Cards, or foreign currency. In this case, the transaction amount is limited to the value of the travelers cheques, Visa Travel Money Card, or foreign currency, plus any commission or fee charged by the merchant, or MERCHANT is participating in the Visa Cash Back Service, as specified in Visa International Operating Regulations

2.49 MERCHANT agrees that it shall not accept a range of Visa cards for various purposes (e.g., Scrip, Manual Cash Disbursement).

2.50 Any MERCHANT who relies on fulfillment houses must submit information to SERVICE PROVIDERS about the fulfillment house, and steps for the underwriter to contact the fulfillment house to determine its financial capacity to support the MERCHANT.

2.51 SERVICE PROVIDERS may immediately terminate MERCHANT for any significant circumstances that create harm or loss to the goodwill of the Visa system.
 2.52 MERCHANT agrees, if undergoing a forensic investigation at the time the Merchant Agreement is signed, to fully cooperate with the investigation until completed.
 2.53 MERCHANT agrees to abide by transaction deposit restrictions, as specified in the Visa International Operating Regulations.

2.54 MERCHANT agrees to abide by transaction processing prohibitions, as specified in the Merchant Prohibitions section of the Visa International Operating Regulations.

2.55 MERCHANT agrees that it shall not deposit a transaction receipt that does not result from an act between the cardholder and the merchant or the cardholder and its sponsored merchant (sponsoring).

2.56 MERCHANT agrees that it shall not violate disclosure of account and Visa transaction information prohibitions, as specified in the Visa International Operating Regulations.

2.57 MERCHANT agrees that during the Initial Term and any Renewed Term it shall achieve and maintain compliance with the Payment Card Industry ("PCI") Data Security Standard ("DSS") that it shall be liable for a PCI Compliance Non-Validation Fee per month in the amount stated in the section titled "Rates and Fees" of the Application if it fails to complete the PCI Protection Plan Self-Assessment Questionnaire (SAQ) and all other PCI requirements according to required timelines. Notwithstanding any payments of the PCI Compliance Non-Validation Fee, Merchant agrees that it shall still be liable for any and all fees, fines, assessments or reimbursements related directly or indirectly to the MERCHANT suffering a data security breach.

2.58 PCI Protection Plan. In the event MERCHANT chooses to participate in the PCI Protection Plan, MERCHANT must enroll in the PCI Protection Plan by completing, and validating PCI compliance through the PCI Self-Assessment Questionnaire and submitting such questionnaire to SERVICE PROVIDERS. Additionally, a PCI scan may be required annually or quarterly (if applicable). Merchant agrees that it shall be liable for the PCI Protection Plan monthly fee in the amount set forth in Rates and Fees section of the Application. MERCHANT agrees to be bound by the terms and conditions of the PCI Protection Plan. In the event MERCHANT does not participate in the PCI Protection Plan by properly validating PCI compliance and completing the PCI SAQ, MERCHANT agrees to pay the PCI Compliance Non-Validation Fee as set forth in section 2.57 above.

3.0 Rights, Duties and Responsibilities of SERVICE PROVIDERS.

3.1 SERVICE PROVIDERS will accept for purchase all sales drafts deposited by MERCHANT that comply with the terms of this Agreement. The electronic submission of sales transactions to SERVICE PROVIDERS through services provided by SERVICE PROVIDERS shall constitute an endorsement by MERCHANT to SERVICE PROVIDERS of the sales drafts representing such transactions. Unless otherwise informed by SERVICE PROVIDERS and provided MERCHANT completes batch operation prior to 6:59pm EST, SERVICE PROVIDERS will pay MERCHANT up to three (3) business days after the date the SERVICE PROVIDERS receives the transaction, the total face amount of each sales draft, less any credit vouchers, discounts, fees or adjustments determined daily or monthly. All payments, credits and charges are subject to audit and final checking by SERVICE PROVIDERS, and prompt adjustments shall be made for inaccuracies discovered.

3.2 Notwithstanding any other provisions of this Agreement, SERVICE PROVIDERS may refuse to accept any sales draft, or revoke its prior acceptance, in any of the following circumstances:

(a) the sale giving rise to such sales draft was not made in compliance with all the terms and conditions of this Agreement including Card Associations' Rules and Regulations, Discover Network Operating Regulations, as well as applicable laws and regulations of any governmental authority; or

(b) The cardholder disputes his/her liability on any of the following grounds: (i) that the products covered by such sales drafts were returned, rejected or defective in some respect or MERCHANT failed to perform any obligation on its part in connection with such products, and MERCHANT has refused to issue a credit voucher in the proper amount; (ii) MERCHANT has failed to obtain a signature on the sales draft and the cardholder claims he/she did not authorize the transaction. In the event of a revocation of a prior acceptance of a sales draft, SERVICE PROVIDERS may withdraw from the Account any amount previously paid to MERCHANT for such sales draft.

3.3 SERVICE PROVIDERS will provide electronic data capture, monthly activity statement, and will assign customer service phone numbers which will accept all customer service calls and other communications from MERCHANT relating to the services provided under this Agreement including, but not limited to, debatement of funds, account charges, monthly statements and chargebacks.

3.4 SERVICE PROVIDERS will process all requests for drafts and chargebacks from card issuers and will provide MERCHANT with timely notice of requests and chargebacks for documentation.

3.5 SERVICE PROVIDERS will provide, at MERCHANT's option, a 24 hour toll-free help line for servicing of peripheral equipment which shall include repair and reprogramming of equipment leased, rented or purchased from other vendors.

3.6 Use of Independent Sales Office: MERCHANT acknowledges that SERVICE PROVIDERS may have been referred to MERCHANT through an independent sales office operating under applicable VISA, MasterCard, and Discover Network rules and regulations. The independent sales office is only an independent contractor, is not an employee or agent of SERVICE PROVIDERS, and has no authority to alter the terms of this Agreement without SERVICE PROVIDERS' prior written approval.

3.7 MERCHANT authorizes SERVICE PROVIDERS to control and disburse all appropriate settlement funds to the MERCHANT including funds from the Card Association's, American Express and Discover cards.

4.0 Account Monitoring.

4.1 MERCHANT acknowledges that SERVICE PROVIDERS will monitor MERCHANT's daily deposit activity. MERCHANT agrees that SERVICE PROVIDERS may, upon reasonable grounds, divert the disbursement of MERCHANT'S funds from any account MERCHANT has in ANY financial institution for any reasonable period of time required to investigate suspicious or unusual deposit activity. SERVICE PROVIDERS will make good faith efforts to notify MERCHANT immediately. SERVICE PROVIDERS shall have no liability for any losses, either direct or indirect, which MERCHANT may attribute to any diversion of funds disbursement. Any funds diverted shall be deposited immediately into a non-interest bearing account at SERVICE PROVIDERS, and not be released until such time that questionable/suspicious/fraudulent transactions have been resolved to the SERVICE PROVIDERS' satisfaction.

4.2 Agents of SERVICE PROVIDERS are not permitted to directly access or hold merchant funds whether from settlement or reserves.

5.0 Warranties; Disclaimer of Warranties.

5.1 MERCHANT unconditionally represents and warrants to SERVICE PROVIDERS that all sales drafts submitted to SERVICE PROVIDERS hereunder will represent the indebtedness of cardholder with whom MERCHANT has completed a sales transaction in amounts set forth therein for products only, shall not involve any element of credit for any other purposes and shall not be subject to any defense, dispute, offset or counterclaim which may be raised by a cardholder under the Card Associations' Rules and Regulations, Discover Network Operating Regulations, or the Consumer Credit Protection Act (15 USC 1601) or other relevant state or federal statutes or regulations. Further, MERCHANT warrants that any credit voucher which it issues represents a bona fide refund or adjustment on a card sale by MERCHANT with respect to which a sales draft has been accepted by the SERVICE PROVIDERS.

6.0 Limitations of Liability; Indemnification; Due Care.

6.1 SERVICE PROVIDERS shall have no liability for any negligent design or manufacture of any point-of-sale terminal, printer, or other equipment used by MERCHANT for the acceptance of credit card transactions. SERVICE PROVIDERS MAKES NO WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, CONCERNING ANY EQUIPMENT, OR OTHER SERVICE PROVIDED BY OTHERS AND, IN PARTICULAR, MAKES NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURCHASE. Should MERCHANT fail to pay for any amounts due to their ISO, MERCHANT grants to SERVICE PROVIDERS the right to set-off against MERCHANT'S deposit account in order to allow SERVICE PROVIDERS to collect any and all equipment payments not made by MERCHANT.

6.2 MERCHANT shall indemnify and hold SERVICE PROVIDERS harmless from all liability, loss and damage, including reasonable attorney's fee and costs which may arise as a result, whether direct or indirect, of any act or failure to act on the behalf of any warranty by MERCHANT pursuant to the terms of this Agreement, the Card Association's Rules and Regulations, and Discover Network Operating Regulations. In the event any Card Association, Discover Network, or other entity assesses a fine or assessment to SERVICE PROVIDERS or request reimbursement from SERVICE PROVIDERS due to the direct or indirect actions of MERCHANT, MERCHANT shall reimburse SERVICE PROVIDERS the amount of the fine, assessment or requested reimbursement.

6.3 SERVICE PROVIDERS WILL USE DUE CARE IN PROVIDING SERVICES COVERED BY THIS AGREEMENT AND THE PERFORMANCE OF ALL SERVICES CALLED FOR IN THIS AGREEMENT SHALL BE CONSISTENT WITH INDUSTRY STANDARDS. THE LIABILITY, IF ANY, OF SERVICE PROVIDERS UNDER THIS AGREEMENT FOR ANY CLAIMS, COSTS, DAMAGES, LOSSES AND EXPENSES FOR WHICH IT IS OR MAY BE LEGALLY LIABLE, WHETHER ARISING IN NEGLIGENCE OR OTHER TORT, CONTRACT, OR OTHERWISE, WILL NOT EXCEED IN THE AGGREGATE THE AMOUNT OF FEES PAID BY MERCHANT, LESS INTERCHANGE AND ASSESSMENTS, OVER THE PREVIOUS TWELVE (12) MONTH PERIOD, CALCULATED FROM THE DATE THE LIABILITY ACCRUED. IN NO EVENT WILL SERVICE PROVIDERS OR ITS AGENTS, OFFICERS, DIRECTORS OR EMPLOYEES BE LIABLE FOR INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES.

7.0 Display of Materials; Trademarks.

7.1 MERCHANT agrees to prominently display the promotional materials provided by SERVICE PROVIDERS in its place(s) of business. Use of promotional materials and use of any trade name, trademark, service mark or logo type ("Mark") associated with card(s) shall be limited to informing the public that card(s) will be accepted at MERCHANT'S place(s) of business. MERCHANT'S use of promotional materials and marks is subject to the direction of SERVICE PROVIDERS.

7.2 MERCHANT may use promotional materials and marks during the term of the Agreement and shall immediately cease use and return any inventory to SERVICE PROVIDERS upon any termination thereof.

7.3 MERCHANT shall not use any promotional material or marks associated with VISA, Mastercard or Discover Network in any way which suggests or implies that either endorses any goods or services other than payment card services. Further, MERCHANT may be subject to immediate termination if deemed to be creating harm or loss to the goodwill of VISA, Mastercard, Discover Network, or SERVICE PROVIDERS.

7.4 Discover Network Program Marks. MERCHANT is prohibited from using the Program Marks, as defined below, other than as expressly authorized in writing by SERVICE PROVIDERS. Program Marks mean the brands, emblems, trademarks, and/or logos that identify the Discover Network Cards. Additionally, MERCHANT shall not use the Program Marks other than to display decals, signage, advertising, and other forms depicting the Program Marks that are provided to MERCHANT by SERVICE PROVIDERS or otherwise approved in advance in writing by SERVICE PROVIDERS. MERCHANT may use the Program Marks only to promote the services covered by the Program Marks by using them on decals, indoor and outdoor signs, websites, advertising materials and marketing materials; provided that all such uses by MERCHANT are approved in advance by SERVICE PROVIDERS in writing. MERCHANT shall not use the Program Marks in such a way that customers could believe that the products or services offered by MERCHANT are sponsored or guaranteed by the owners of the Program Marks. MERCHANT recognizes that it has no ownership rights in the Program Marks. MERCHANT shall not assign to any third party any of the rights to use the Program Marks.

8.0 Term; Termination.

8.1 This Agreement shall become effective upon acceptance by SERVICE PROVIDERS and shall continue in full force and effect for a term disclosed in the Merchant Payment Card Application/Agreement ("Initial Term" or "Term"). At the end of the Initial Term and at the end of every renewal term thereafter ("Renewal Term" or "Term"), the Agreement will automatically renew for additional periods as disclosed in the Merchant Payment Card Application/Agreement, unless terminated by any party upon written notice at least thirty (30) days prior to the end of the then existing Term or twenty (20) days as per the Voyager Merchant Agreement. In the event MERCHANT terminates this Agreement prior to the maturity date of the Initial term, MERCHANT SHALL be liable to SERVICE PROVIDERS for an early termination fee described in the Merchant Payment Card Application/Agreement ("Early Termination Fee"). Notwithstanding the foregoing, no Early Termination Fee shall be applicable if: (a) MERCHANT terminates this Agreement within ninety (90) days of a change or increase to a Non-Pass-Through Fee, or (b) MERCHANT receives a valid "Bd" (hereinafter defined) for processing services from another merchant services provider during the Term of this Agreement and presents said Bd to SERVICE PROVIDERS and SERVICE PROVIDERS chooses not to match said Bd. For purpose of this Section 8.1, (a) "Non-Pass-Through Fee" means any fees or portions of fees that are assessed by SERVICE PROVIDERS for payment card processing services pursuant to this Agreement that are retained by SERVICE PROVIDERS and are not amounts assessed by the Card Association or other third parties that are simply "passed through" to merchant; and (b) "Bd" means a written proposal from a third party processor for the processing of payment card transactions.

8.2 This Agreement may be immediately terminated by SERVICE PROVIDERS for the following reasons:

- (a) Reasonable belief that MERCHANT is employed in practices that involve elements of fraud or conduct deemed to be injurious to cardholders;
- (b) Reasonable belief that MERCHANT will constitute a risk to SERVICE PROVIDERS by failing to meet the terms of this Agreement;
- (c) Issuing cash advances as set forth in Section 2.14; or
- (d) MERCHANT appears on any Card Association's, Discover Network's, and/or American Express' security reporting;
- (e) MERCHANT fails to comply with Payment Card Industry Security Standards as outlined in the Data Security Section of Merchant Payment Card Application;
- (f) MERCHANT has breached any term, provision, condition, representation or warranty of this Agreement.

8.3 In the event this Agreement is terminated prior to the expiration date for any of the reasons set forth in Section 8.2 and when permitted by state law, MERCHANT shall be liable to SERVICE PROVIDERS for the Early Termination Fee as defined in section 8.1 of this Agreement.

8.4 SERVICE PROVIDERS may terminate this Agreement immediately and without cause upon providing MERCHANT with written notice of such termination.

8.5 In the event of termination whether with or without cause, MERCHANT expressly authorizes SERVICE PROVIDERS to withhold and discontinue the debitment of all cards and other payment transactions of MERCHANT in process of being collected and deposited. Collected funds may be placed in an escrow account at SERVICE PROVIDERS until MERCHANT pays any outstanding charges or losses. Further, SERVICE PROVIDERS reserves the right to require MERCHANT to deposit additional amounts, based upon MERCHANT'S processing history and /or anticipated risk of loss to SERVICE PROVIDERS, into an escrow account. SERVICE PROVIDERS shall be granted a continuing security interest in funds held pursuant to this Section. Said escrow account shall be maintained for a minimum of one hundred eighty (180) days after the termination date and for any reasonable period thereafter, during which cardholder disputes may remain

valid under the card plans. Any balance remaining after chargeback rights have expired will be disbursed to MERCHANT.

- 8.6 Security Interests.** This Agreement will constitute a Security Agreement under the Uniform Commercial Code. MERCHANT grants to SERVICE PROVIDERS a security interest in and lien upon: (i) all funds at any time in the Account (ii) all funds in diverted account (see Section 4.0), (iii) the Reserve Account (as defined below), (iv) future sales drafts, (v) all rights relating to this Agreement including, without limitation, all rights to receive any payments or credits under this Agreement and (vi) any other account MERCHANT has in any financial institution, (collectively, the "Secured Assets"). Upon request of SERVICE PROVIDERS, MERCHANT will execute one or more financing statements or other documents to evidence and perfect this security interest. MERCHANT represents and warrants that no other party has a security interest in the Secured Assets. These security interest and liens will secure all of MERCHANT'S obligations under this Agreement and any other agreements between MERCHANT and SERVICE PROVIDERS including, but not limited to, MERCHANT'S obligation to pay any amounts due and owing to SERVICE PROVIDERS. With respect to such security interests and liens, SERVICE PROVIDERS will have all rights afforded under the Uniform Commercial Code, any other applicable law and in equity. MERCHANT will obtain from SERVICE PROVIDERS written consent prior to granting a security interest of any kind in the Secured Assets to a third party. In the event MERCHANT grants a security interest in the Secured Assets to a third party with SERVICE PROVIDERS' consent, MERCHANT agrees that any indebtedness arising from the bona fide sale of goods and/or services are free of liens, claims, and encumbrances other than ordinary sales taxes. Merchant represents and warrants that no other person or entity has a security interest in any property in which you have granted SERVICE PROVIDERS a security interest heretofore. MERCHANT agrees that this is a contract of recognition and SERVICE PROVIDERS is not required to file a motion for relief from a bankruptcy action automatic stay to realize on any of the Secured Assets. Nevertheless, MERCHANT agrees not to contest or object to any motion for relief from the automatic stay filed by SERVICE PROVIDERS. MERCHANT hereby grants SERVICE PROVIDERS the right to offset by ACH any account MERCHANT has in ANY financial institution in order to collect any amount due from MERCHANT to SERVICE PROVIDERS pursuant to this Agreement.
- 8.7 Reserve Account.** (i) Establishment: Upon termination of this Agreement or upon SERVICE PROVIDERS' request and within SERVICE PROVIDERS' sole discretion, MERCHANT will establish and maintain a deposit ("Reserve Account") at SERVICE PROVIDERS in an amount reasonably determined by SERVICE PROVIDERS necessary to protect SERVICE PROVIDERS' interests under this Agreement. (ii) Funding: SERVICE PROVIDERS has the right to debit the Account to establish or maintain funds in the Reserve Account. SERVICE PROVIDERS may deposit into the Reserve Account funds it would otherwise be obligated to pay MERCHANT, for the purpose of establishing or maintaining the Reserve Account in accordance with this Section, if it determines such action is reasonably necessary to protect its interests. (iii) Funds in no event will MERCHANT be entitled to return of Reserve Account funds before two hundred seventy (270) days following the effective date of termination of this Agreement, provided however, that MERCHANT will remain liable to SERVICE PROVIDERS for all liabilities occurring beyond such two hundred seventy (270) day period. SERVICE PROVIDERS will have sole control of the Reserve Account. In the event of a bankruptcy proceeding and the determination by the court that this Agreement is assumable under Bankruptcy Code Section 541, as amended from time to time, MERCHANT must establish or maintain a Reserve Account in an amount satisfactory to SERVICE PROVIDERS.
- 8.8 Recoupment and Set-Off.** SERVICE PROVIDERS has the right of recoupment and set-off from the Reserve Account or the Account. This means that it may offset any outstanding uncollected amounts owed from: (i) any amounts it would otherwise be obligated to deposit into the MERCHANT Account, and (ii) any other amounts MERCHANT may owe SERVICE PROVIDERS under this Agreement or any other agreement. MERCHANT acknowledges that in the event of a bankruptcy proceeding, in order for MERCHANT to provide adequate protection under Bankruptcy Code Section 542 to SERVICE PROVIDERS, MERCHANT must create or maintain the Reserve Account as required by SERVICE PROVIDERS, and SERVICE PROVIDERS will have the right of offset against the Reserve Account for any and all obligations which MERCHANT may owe to SERVICE PROVIDERS, without regard to whether the obligations relate to sales drafts initiated or created before or after the filing of the bankruptcy petition.
- 8.9 If MERCHANT is terminated for cause,** MERCHANT acknowledges that SERVICE PROVIDERS may be required to report MERCHANT'S business name and the names and other identification of its principals to the Member Alert to Control High-Risk (M.A.T.C.H.) maintained by Mastercard. MERCHANT expressly agrees and consents to such reporting in the event MERCHANT is terminated for any of the reasons specified as cause by VISA, Mastercard, and Discover Network. Furthermore, MERCHANT shall hold harmless SERVICE PROVIDERS for claims which MERCHANT may raise as a result of such reporting.
- 8.10 Bankruptcy.** MERCHANT will immediately notify SERVICE PROVIDERS of any bankruptcy, receivership, insolvency or similar action or proceeding initiated by or against MERCHANT or any of its principals. MERCHANT will include SERVICE PROVIDERS on the list and matrix of creditors as filed with the Bankruptcy Court, whether or not a claim may exist at the time of filing, and failure to do so will be cause for immediate termination or any other action available to SERVICE PROVIDERS under applicable rules or law. MERCHANT acknowledges that this Agreement constitutes an executory contract to make a loan, or extend other debt financing or financial accommodations to or for the benefit of MERCHANT, and, as such, cannot be assumed or assigned in the event of MERCHANT'S bankruptcy.
- 8.11 In the event SERVICE PROVIDERS and MERCHANT agree to any reduction of a rate or a fee set forth in this Agreement,** merchant hereby agrees that said reduction shall result in an extension of the Term of this Agreement by three (3) years from the date said rate or fee reduction takes effect.

9.0 Notices.

9.1 All notices and other communications required or permitted under this Agreement shall be deemed delivered when mailed first class, postage prepaid, addressed as follows:

- (a) If to SERVICE PROVIDERS: Payment Processing Solutions, LLC, P.O. Box 8339, The Woodlands, TX 77387-8339
- (b) If to MERCHANT, at the MERCHANT'S place of business as also stated on this Merchant Application or current mailing address on file with SERVICE PROVIDERS.

10.0 Additional Terms.

- 10.1 Card Plans.** This Agreement is subject to the bylaws and rules promulgated by VISA, Mastercard, Discover Network, or any other card plan. The parties hereto are bound by and shall fully comply with these bylaws and rules and by such amendments or additions as may be made hereto. The parties hereto shall further comply with all Debit/ATM Network rules and regulations.
- 10.2 Inspection of Books and Records.** Representatives of SERVICE PROVIDERS may, during normal business hours, inspect, audit and make records of MERCHANT'S books, accounts, records and files pertaining to any card transactions. During the Term hereof, at the request of SERVICE PROVIDERS, MERCHANT shall provide up to two (2) years of current financial statements and other related information that is requested by SERVICE PROVIDERS. MERCHANT will preserve its records of any card sale and any refund or credit adjustment thereon for at least seven (7) years from the date of such sale, credit, refund or adjustment. MERCHANT agrees that SERVICE PROVIDERS may obtain information from credit reporting agencies for the MERCHANT and its principals once a year during the Initial Term and any Renewal Term of this Agreement.
- 10.3 Confidentiality.** MERCHANT will not use for its own purposes, will not disclose to any third party, and will retain in strictest confidence all information and data belonging to or relating to the business of SERVICE PROVIDERS (including without limitation the terms of this Agreement), and will safeguard such information and data by using the same degree of care that MERCHANT uses to protect its own confidential information.
- 10.4 Privacy.** SERVICE PROVIDERS complies with the Bank Secrecy Act and the USA Patriot Act to help the government fight the funding of terrorism and money laundering activities. Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account or becomes a new customer of the financial institution. Our Customer Identification Program is designed to comply with all federal mandates. When MERCHANT

open an account or obtain a service from the bank, SERVICE PROVIDERS will ask for owner/office name, address, date of birth, and other information that will allow SERVICE PROVIDERS to identify MERCHANT. SERVICE PROVIDERS will also be asking MERCHANT to provide identifying documentation, such as driver's license or other forms of identification. SERVICE PROVIDERS can and will refuse to open an account or provide services if adequate identification is not provided, or SERVICE PROVIDERS is dissatisfied with the identification provided. SERVICE PROVIDERS collects non-public personal information about MERCHANT from the following sources: Information received from our applications or other forms; Information about transactions with SERVICE PROVIDERS, our affiliates, or others; and information received from consumer reporting agencies. As required by the USA PATRIOT Act, SERVICE PROVIDERS also collects information and takes actions necessary to verify MERCHANT identity. SERVICE PROVIDERS may disclose all the information collected, as described above, to companies that perform marketing services on SERVICE PROVIDERS' behalf, to American Express, or to other financial institutions with which SERVICE PROVIDERS has joint marketing agreements. SERVICE PROVIDERS does not disclose any non-public personal information about our MERCHANTS to anyone, including our affiliates, except as permitted by law. Internally, SERVICE PROVIDERS restricts access to non-public personal information about MERCHANTS to associates who need to know that information to provide customer support and/or to maintain records. SERVICE PROVIDERS' internal conduct clearly defines the manner in which an associate may access, use, or disseminate non-public information. SERVICE PROVIDERS maintains physical, electronic, and procedural safeguards that comply with federal standards to guard MERCHANT'S non-public personal information. If MERCHANT decides to close account(s) or become an inactive merchant, SERVICE PROVIDERS will adhere to the policies and practices as described in this notice. 10.4(g) PRIVACY POLICY. MERCHANT represents, warrants and covenants that it has obtained all required consents from cardholders in respect of their personal information to be accessed, collected, used or transferred by SERVICE PROVIDERS in providing the services under this Agreement, and it has read, understood and hereby accepts PaySafe's privacy policy on behalf of itself and the Cardholders at <https://www.paysafe.com/privacy-policy/>.

10.5 Force Majeure. SERVICE PROVIDERS shall not be liable for any damages resulting from any delay in performance or non-performance caused by circumstances beyond SERVICE PROVIDERS' control including, but not limited to acts of God, fire, flood, war, governmental action, accident, labor trouble or shortage, or other events of similar effect in connection with SERVICE PROVIDERS' obligation herein.

10.6 Amendment. MERCHANT acknowledges that the terms set forth herein including but not limited to fees, rates, and charges may be changed by SERVICE PROVIDERS. MERCHANT agrees that any such changes shall be considered accurate and final unless MERCHANT disputes them in writing within 30 days of receipt of documentation showing said changes.

10.7 Section Headings. All section headings contained herein are for descriptive purposes only, and the language of such section shall control.

10.8 Assignability. This Agreement may not be assigned, directly or by operation of law, without the prior written consent of SERVICE PROVIDERS.

10.9 Attorney's Fees and Costs. MERCHANT shall be liable for and indemnify SERVICE PROVIDERS for any and all attorney's fees and other costs and expenses paid or incurred by the SERVICE PROVIDERS in the enforcement hereof, or in collecting any amounts due from MERCHANT to SERVICE PROVIDERS hereunder or resulting from any breach by MERCHANT of any of the terms or conditions of this Agreement.

10.10 Dispute Resolution, Arbitration and Class Action Waiver. Any claims or controversies between the parties arising out of or relating to this Agreement or the breach thereof, including disputes over the enforceability, validity or scope of this Section 10.10, shall be resolved through arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as then may be in effect (which rules are available at www.adr.org), except that (i) temporary equitable judicial relief may be sought in a federal or state court located in Montgomery County, Texas, until an arbitrator can be expanded and has determined whether that relief should be continued, modified or ended, and the parties hereby expressly consent to the exclusive jurisdiction of such courts for such purpose, and (ii) judicial relief may be sought in such court or any other court of competent jurisdiction to compel arbitration or to enforce an award issued pursuant to this section. THE PARTIES ALSO AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN ITS INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, unless both Parties agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding. In the event the foregoing prohibition on representative or class proceedings is invalidated or otherwise held unenforceable, the Parties agree that the remainder of this Section 10.10 shall be deemed void and unenforceable.

10.11 Binding Effect: Governing Law, Jurisdiction and Venue. This Agreement shall be construed and governed by the laws of the State of Texas and the Federal Arbitration Act. Except where otherwise expressly stated, if any provision of this Agreement shall be invalid, illegal, or unenforceable, the remaining provisions shall remain in effect. In the event Section 10.10 is deemed void or unenforceable, all claims or controversies between the parties arising out of or relating to this Agreement or the breach thereof, shall be brought in a federal or state court located in Montgomery County, Texas, and the parties hereby expressly consent to the exclusive jurisdiction of such courts for such purpose.

10.12 Survival. The following sections shall survive the termination of this Agreement and shall remain enforceable after such termination: 2.11, 2.12, 2.16, 2.20, 2.21, 2.22, 2.25, 2.28, 2.32, 2.33, 2.36, 2.43, 2.52, 3.2, 3.4, 4.1, 6.1, 6.2, 6.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 9.1, 10.3, 10.5, 10.9, 10.10, 10.11 and 10.14.

10.13 The rights conferred upon SERVICE PROVIDERS in this Agreement are not intended to be exclusive of each other or of any other rights and remedies. Rather, each and every right of SERVICE PROVIDERS at law or in equity will be cumulative and concurrent and in addition to every other right.

10.14 In the event MERCHANT chooses to participate in the Optional Merchant Club, the following Terms and Conditions shall apply: The term of enrollment is for one (1) year. The term shall be automatically and continuously renewed for consecutive one-year terms unless the Merchant or Bank provides a written notice of non-renewal at least sixty (60) days prior to end of the then existing term. The fee for membership shall be charged per unit of equipment per month (terminal, printer, pin pad or any combination thereof). MERCHANT understands membership fee is in addition to fees charged by SERVICE PROVIDERS in MERCHANT'S Merchant Payment Card Agreement. In the event MERCHANT'S Merchant Payment Card Agreement is terminated during the existence of any term of membership, the fee shall be paid for the remainder of the then existing term. Example: In the event a MERCHANT becomes a member and is terminated after seven (7) months, the remaining five (5) months of fees shall still be paid by MERCHANT to SERVICE PROVIDERS. For all members in good standing, and subject to the terms herein, SERVICE PROVIDERS shall provide equipment support or repair during the membership term. If the equipment cannot be repaired, it shall be replaced with refurbished equipment of comparable quality. MERCHANT agrees to pay any and all encryption fees. For any equipment shipped by SERVICE PROVIDERS to MERCHANT hereunder, MERCHANT shall pay SERVICE PROVIDERS the sum of \$29.95 per item to cover shipping and handling. MERCHANT agrees to pay SERVICE PROVIDERS additional fees for Saturday or priority delivery. In the event SERVICE PROVIDERS replaces any item of equipment for MERCHANT'S faulty equipment, MERCHANT is required to send SERVICE PROVIDERS the faulty equipment within thirty (30) days from the date MERCHANT receives the replacement equipment. In the event MERCHANT fails to comply with this Section, MERCHANT shall be required to pay SERVICE PROVIDERS the full retail price for the replacement equipment immediately upon the expiration of said thirty (30) day period. Full membership benefits do not take effect for thirty (30) days following the Date of Enrollment. In the event SERVICE PROVIDERS provides replacement equipment during the first thirty (30) days of membership, MERCHANT shall pay SERVICE PROVIDERS the sum of \$75.00 per unit replaced. The following items are NOT covered under the membership and MERCHANT shall receive NO benefits for said items: wireless terminals, power packs, pin pad cables, check reader cables, printer cables, printer ribbons, or any other cable that would connect a peripheral device to the terminal, equipment which is the sole discretion of SERVICE PROVIDERS has been subject to abuse, accidental damage, alteration, modification, tampering, negligence, misuse, faulty installation, lack of reasonable care, repair or service which in any way is

not contemplated in the documentation for the equipment, equipment with alteration, tampering or defacing of the serial number or model number, any damage that occurs in shipment, any damage due to an act of God, failures due to power surges, cosmetic damage.

10.15 MERCHANT is liable for repayment to SERVICE PROVIDERS for all valid chargebacks related to Debit and/or ATM Transactions. SERVICE PROVIDERS will comply with Debit/ATM Networks' prevailing Rules and Regulations in processing any chargebacks which result from cardholder disputes. However, all disputes which are not or cannot be resolved through established chargeback procedures shall be settled between MERCHANT and the cardholder, and MERCHANT will indemnify SERVICE PROVIDERS and will provide reimbursement for all expenses, including reasonable attorney's costs, which it may incur as the result of any cardholder claim which is pursued outside the Debit/ATM Network Rules and Regulations.

10.16 MERCHANT agrees to \$25 per hour, with one (1) hour minimum, research fee to be charged by SERVICE PROVIDERS for research it performs at MERCHANT'S request.

10.17 For purposes of compliance with Payment Card Industry Security Standards, MERCHANT is required to notify SERVICE PROVIDERS in writing of any changes to the software type and version number from that originally stated within this Agreement. MERCHANT is liable to SERVICE PROVIDERS for all losses and expenses incurred by SERVICE PROVIDERS arising out of a failure to report changes to SERVICE PROVIDERS.

10.18 MERCHANT must report to SERVICE PROVIDERS its participation in any cash advance program outside of that offered by SERVICE PROVIDERS. Failure to report participation in such a program shall result in immediate termination of MERCHANT account.

11.0 Fleet Card Acceptance.

11.1 If MERCHANT executes a Wight Express ("WEX") Merchant Agreement, MERCHANT understands that SERVICE PROVIDERS will provide such agreement to WEX, but that neither SERVICE PROVIDERS nor WEX shall have any obligation whatsoever to MERCHANT with respect to processing WEX Cards unless and until WEX executes WEX Merchant Agreement. If WEX executes WEX Merchant Agreement and MERCHANT accepts WEX Cards, MERCHANT understands that WEX transactions are processed, authorized, and funded by WEX. MERCHANT understands that WEX is solely responsible for all agreements that govern WEX transactions and that SERVICE PROVIDERS is not responsible and assumes absolutely no liability with regard to any such agreement or WEX transactions, including, but not limited to, the funding and settlement of WEX transactions. MERCHANT understands that WEX will charge additional fees for the services that it provides.

11.2 If MERCHANT accepts Voyager Cards, MERCHANT should adhere to the following Voyager Regulations:

(a) MERCHANT should check Fleet Cards for any point-of-sale restrictions at the point of sale.

(b) If an increase in the number of Voyager transaction authorization calls from MERCHANT, not due to Voyager system outages, are in excess of 15% for a given month as compared to the previous month, Voyager may, in their sole discretion, deduct telephone charges not to exceed \$25 per call for the increased calls from MERCHANT settlement of MERCHANT'S Voyager transactions.

(c) Settlement of Voyager transactions will generally occur by the fourth banking day after the applicable card transaction is processed. Voyager shall reimburse MERCHANT for the dollar amount of sales submitted for a given day by MERCHANT, reduced by the amount of chargebacks, tax exemptions, discounts, credits, and other fees.

(d) For daily transmission of data, MERCHANT shall maintain true and complete records for not less than thirty-six (36) months from the date of generation of the data, and MERCHANT is responsible for the expense of retaining such sales data records and sales drafts.

(e) In addition to the information provided in Section 6.3, in no event shall SERVICE PROVIDERS' cumulative liability to MERCHANT for losses, claims, suits, controversies, breaches or damages for any cause whatsoever in connection with Voyager transactions, exceed the lesser of \$10,000.00 or the Voyager transaction fees paid by MERCHANT for the two months prior to the action giving rise to the claim.

12.0 Data Security.

12.1 MERCHANT hereby warrants and represents that the POS Software, as listed on this Agreement is 100% accurate and that the POS Software used by the Merchant during the Initial Term or any Renewal Term of this Agreement is PCI-DSS Compliant as listed at https://www.pcisecuritystandards.org/security_standards/psa/. If MERCHANT conducts any business over the Internet or over a VOIP terminal, MERCHANT must: install and maintain a working network firewall to protect data accessible via the Internet, keep security patches up-to-date, encrypt stored data sent over open networks, use and update anti-virus software, restrict access to data by business "need-to-know", assign a unique ID to each person with computer access to data by unique ID; regularly test security systems and processes; maintain a policy that addresses information security for employees and contractors; and restrict physical access to cardholder information. When outsourcing administration of information assets, networks, or data, MERCHANT must retain legal control of proprietary information and use limited "need-to-know" access to such assets, network, or data. Further, MERCHANT must reference the protection of cardholder information and compliance with the PCI Security Standards Council in contact with other service providers. If MERCHANT stores cardholder account numbers, expiration dates, and other personal cardholder data in a database, MERCHANT must follow VISA, Mastercard, and Discover Network guidelines on securing such data as outlined by the Visa Cardholder Information Security Procedures (CISP), Mastercard Site Data Protection (SDP), and Discover Information Security and Compliance Program (DISC). MERCHANT understands that failure to comply with this Section may result in fines, fees, assessments or requests for reimbursement by VISA, Mastercard, and/or Discover Network, and MERCHANT agrees to indemnify and reimburse SERVICE PROVIDERS immediately for any fine imposed due to MERCHANT'S breach of this Section. For more information on the Payment Card Industry Security Standards, including each of the specific security programs, see www.pcisecuritystandards.org.

13.0 American Express Card Acceptance

13.1 American Express Definitions.

(i) "Establishment" means any or all of a MERCHANT'S locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that the MERCHANT adopts in the future.

(ii) "Participant" means SERVICE PROVIDERS' merchant services provider PaySafe Payment Processing Solutions, LLC.

13.2 Card Acceptance. MERCHANT agrees to accept American Express Cards in accordance with the terms of this Agreement and agrees to adhere to the American Express Operating Regulations and the American Express OptBlue Program Merchant Requirements, which are both incorporated herein by reference and made a part hereof for all purposes, and are also available at www.americanexpress.com/merchantguide. MERCHANT ACKNOWLEDGES THAT IT MAY CHOOSE NOT TO ACCEPT AMERICAN EXPRESS CARDS AT ANY TIME DURING THE TERM OF THIS AGREEMENT AND SUCH ACTION DOES NOT DIRECTLY NOR INDIRECTLY AFFECT MERCHANT'S RIGHTS TO ACCEPT ANY OTHER PAYMENT CARD. MERCHANT acknowledges that it is the MERCHANT'S sole obligation to ensure that it possesses the most current version of the American Express Operating Regulations and the American Express OptBlue Program Merchant Requirements as they are amended from time to time.

13.3 Prohibited Goods and Services. MERCHANT must accept the Card as payment for goods and services sold (other than those goods and services prohibited under the subsection below), or (if applicable) for charitable contributions made, at all of its Establishments, except as expressly permitted by state statute. MERCHANT is jointly and severally liable for the obligations of MERCHANT'S Establishments under the Agreement. MERCHANT must not accept the Card to verify a cardholder's age or for any of the following:

(j) adult digital content sold via Internet Electronic Delivery;

- (i) amounts that do not represent bona fide sales of goods or services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at MERCHANT'S Establishments; for example, purchases at MERCHANT'S Establishments by MERCHANT'S owners (or their family members) or employees controlled for cash flow purposes, or payments that MERCHANT has accepted in order to advance cash to cardholders in connection with the transaction;
- (ii) amounts that do not represent bona fide, direct sales by MERCHANT'S Establishment to Card Members made in the ordinary course of MERCHANT'S business;
- (iv) cash or cash equivalent (e.g., gold, silver, platinum, and palladium bullion and/or bars), but collectible coins and jewelry are not prohibited;
- (v) charges that the cardholder has not specifically approved;
- (vi) costs or fees over the normal price of the goods or services (plus applicable taxes) that the cardholder has not specifically approved;
- (vii) damages, losses, penalties, or fines of any kind;
- (viii) gambling services (including online gambling), gambling chips, gambling credits, or lottery tickets;
- (ix) unlawful/illegal activities, fraudulent business transactions or when providing the goods or services is unlawful/illegal (e.g., unlawful/illegal online internet sales of prescription medications or controlled substances, sales of any goods that infringe the rights of a rights-holder under laws applicable to us, MERCHANT, or the cardholder, online child pornography);
- (x) overdue amounts or amounts covering returned, previously dishonored or stop-payment checks (e.g., where the Card is used as a payment of last resort); or
- (xi) sales made by third parties or entities conducting business in industries other than Merchant's.
- 13.4 High Volume.** MERCHANT agrees that in the event its annual charge volume for American Express Cards is greater than \$1,000,000, then American Express may initiate the process of converting MERCHANT to an AXP Direct Merchant. Upon conversion MERCHANT shall be bound by American Express' then-current Card Acceptance agreement and American Express will set pricing and other fees payable by the MERCHANT for American Express card acceptance.
- 13.5 ARBITRATION AGREEMENT (as to Claims involving American Express).** In the event that MERCHANT or Participant is not able to resolve a Claim against American Express, or a claim against Participant or any other entity that American Express has a right to join, this section explains how Claims may be resolved through arbitration. Merchant or American Express may elect to resolve any Claim by binding individual arbitration. Claims will be decided by a neutral arbitrator. If arbitration is elected by any party, MERCHANT nor Participant nor American Express will have the right to litigate or have a jury trial on that Claim in court. Further, MERCHANT, Participant, and American Express will not have the right to participate in a class action or in a representative capacity or in a group of persons alleged to be similarly situated pertaining to any Claim subject to arbitration under this Agreement. Arbitration procedures are generally simpler than the rules in court. An arbitrator's decisions are final and binding, and the arbitrator's final decision on a Claim generally is enforceable as a court order with very limited review by a court. Other rights MERCHANT, Participant, or American Express would have in court may also not be available in arbitration.
- (i) Initiation of Arbitration.** Claims may be referred to either JAMS or AAA, as selected by the party electing arbitration. Claims will be resolved pursuant to this Arbitration Agreement and the selected organization's rules in effect when the Claim is filed, except where those rules conflict with this Agreement. Contact JAMS or AAA to begin an arbitration or for other information. Claims may be referred to another arbitration organization if all parties agree in writing. If American Express selects the organization and MERCHANT selects the other within 30 days thereafter or if an arbitrator is appointed pursuant to section 5 of the Federal Arbitration Act, 9 U.S.C. § 1-16 (FAA). Any arbitration hearing will take place in the federal judicial district where MERCHANT'S headquarters is located or New York, NY, at MERCHANT'S election.
- (ii) Limitations on Arbitration.** If any party elects to resolve a Claim by arbitration, that Claim will be arbitrated on an individual basis. No Claim is to be arbitrated on a class or purported representative basis or on behalf of the general public or other persons allegedly similarly situated. The arbitrator's authority is limited to Claims between MERCHANT, Participant, and American Express. An arbitration award and any judgment confirming it will apply only to the specific case brought by MERCHANT, Participant or American Express and cannot be used in any other case except to enforce the award as between MERCHANT, Participant and American Express. This prohibition is intended to, and does, preclude MERCHANT from participating in any action by any trade association or other organization against American Express. Notwithstanding any other provision in this Agreement, if any portion of these Limitations on Arbitration is found invalid or unenforceable, then the entire Arbitration Agreement (other than this sentence) will not apply, except that MERCHANT, Participant, and American Express do not waive the right to appeal that decision.
- (iii) Previously Filed Claims/No Waiver.** MERCHANT, Participant, or American Express may elect to arbitrate any Claim that has been filed in court at any time before trial has begun or final judgment has been entered on the Claim. MERCHANT, Participant, or American Express may choose to delay enforcing or to not exercise rights under this Arbitration Agreement, including the right to elect to arbitrate a claim, without waiving the right to exercise or enforce those rights on any other occasion. For the avoidance of any confusion, and not to limit its scope, this section applies to any class-action lawsuit relating to the "Honor All Cards," "non-discrimination," or "no steering" provisions of the American Express Merchant Regulations, or any similar provisions of any prior American Express Card acceptance agreement, that was filed against American Express prior to the Effective Date of the Agreement to the extent that such claims are not already subject to arbitration pursuant to a prior agreement between MERCHANT and American Express.
- (iv) Arbitrator's Authority.** The arbitrator will have the power and authority to award any relief that would have been available in court and that is authorized under this Agreement. The arbitrator has no power or authority to alter the Agreement or any of its separate provisions, including this arbitration agreement.
- (v) Split Proceedings for Equitable Relief.** MERCHANT, Participant, or American Express may seek equitable relief in aid of arbitration prior to arbitration on the merits if necessary to preserve the status quo pending completion of the arbitration. This section shall be enforced by any court of competent jurisdiction, and the party seeking enforcement is entitled to seek an award of reasonable attorneys' fees and costs to be paid by the party against whom enforcement is ordered.
- (vi) Small Claims.** American Express will not elect arbitration for any Claim MERCHANT properly files in a small claims court so long as the Claim seeks individual relief only and is pending only in that court.
- (vii) Governing Law/Arbitration Procedures/Entry of Judgment.** This Arbitration Agreement is made pursuant to a transaction involving interstate commerce and is governed by the FAA. The arbitrator shall apply New York law and applicable statutes of limitations and honor claims of privilege recognized by law. The arbitrator shall apply the rules of the arbitration organization selected, as applicable to matters relating to evidence and discovery, not federal or any state rules of procedure or evidence, provided that any party may ask the arbitrator to expand discovery by making a written request, to which the other parties will have 15 days to respond before the arbitrator rules on the request. If MERCHANT'S Claim is for \$10,000 or less, MERCHANT may choose whether the arbitration will be conducted solely based on documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing under the rules of the selected arbitration organization. At the timely request of a party, the arbitrator will provide a written opinion explaining his/her award. The arbitrator's decision will be final and binding, except for any rights of appeal provided by the FAA. Judgment on an award rendered by the arbitrator may be entered in any state or federal court in the federal judicial district where MERCHANT'S headquarters or MERCHANT'S assets are located.
- (viii) Confidentiality.** The arbitration proceeding and all information submitted, relating to or presented in connection with or during the proceeding, shall be deemed confidential information not to be disclosed to any person not a party to the arbitration. All communications, whether written or oral, made in the course of or in connection with the Claim and its resolution, by or on behalf of any party or by the arbitrator or a mediator, including any arbitration award or judgment related

thereof, are confidential and inadmissible for any purpose, including impeachment or estoppel, in any other litigation or proceeding; provided, however, that evidence shall not be rendered inadmissible or non-discernible solely as a result of its use in the arbitration.

- (ix) **Costs of Arbitration Proceedings.** Merchant will be responsible for paying MERCHANT'S share of any arbitration fees (including filing, administrative, hearing or other fees), but only up to the amount of the filing fees MERCHANT would have incurred if MERCHANT had brought a claim in court. American Express will be responsible for any additional arbitration fees. At MERCHANT'S written request, American Express will consider in good faith making a temporary advance of MERCHANT'S share of any arbitration fees, or paying for the reasonable fees of an expert appointed by the arbitrator for good cases.
- (x) **Additional Arbitration Awards.** If the arbitrator rules in MERCHANT'S favor against American Express for an amount greater than any final settlement offer American Express made before arbitration, the arbitrator's award will include: (i) any money to which MERCHANT is entitled as determined by the arbitrator, but in no case less than \$5,000; and (ii) any reasonable attorneys' fees, costs and expert and other witness fees incurred by MERCHANT.
- (xi) **Definitions.** For purposes of this section 13.4 only, (i) "American Express" includes its Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables, and all agents, directors, and representatives of any of the foregoing, (ii) "MERCHANT" includes Merchant's Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing, and (iii) "Claim" means any allegation of an entitlement to relief, whether damages, injunctive or any other form of relief, against American Express or against Participant or any other entity that American Express has the right to join, including, a transaction using an American Express product or network or regarding an American Express policy or procedure.
- 13.5 Treatment of the American Express Brand.** Except as expressly permitted by Applicable Law, Merchant must not:
- (i) indicate or imply that it prefers, directly or indirectly, any Other Payment Products over the Card,
 - (ii) try to dissuade Card Members from using the Card,
 - (iii) criticize or mischaracterize the Card or any of American Express' services or programs,
 - (iv) try to persuade or prompt Card Members to use any Other Payment Products or any other method of payment (e.g., payment by check),
 - (v) impose any restrictions, conditions, disadvantages or fees when the Card is accepted that are not imposed equally on all Other Payment Products, except for electronic funds transfer, or cash and check,
 - (vi) suggest or require Card Members to waive their right to dispute any Transaction,
 - (vii) engage in activities that harm the American Express business or the American Express Brand (or both),
 - (viii) promote any Other Payment Products (except Merchant's own private label card that Merchant issues for use solely at Merchant's Establishments) more actively than Merchant promotes the Card, or
 - (ix) convert the currency of the original sale Transaction to another currency when requesting Authorization or submitting Transactions (or both).

MERCHANT may offer discounts or in-kind incentives from MERCHANT'S regular prices for payments in cash, ACH funds transfer, check, debit card or credit/charge card, provided that (to the extent required by Applicable Law): (i) MERCHANT clearly and conspicuously disclose the terms of the discount or in-kind incentive to MERCHANT'S customers, (ii) the discount or in-kind incentive is offered to all of MERCHANT'S prospective customers, and (iii) the discount or in-kind incentive does not differentiate on the basis of the issuer or, except as expressly permitted by applicable state statute, payment card network (e.g., Visa, Mastercard, Discover, JCB, American Express). The offering of discounts or in-kind incentives in compliance with the terms of this paragraph will not constitute a violation of the provisions set forth above in this Section 13.5, "Treatment of the American Express Brand".

- 13.7 Treatment of the American Express Marks.** Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, MERCHANT must indicate MERCHANT'S acceptance of the Card and display our Marks (including any Card application forms provided to MERCHANT) as prominently and in the same manner as any Other Payment Products. MERCHANT must not use the American Express Marks in any way that injures or diminishes the goodwill associated with the Mark, nor (without prior written consent from Participant) indicate that American Express endorses MERCHANT'S goods or services. MERCHANT shall only use the American Express Marks as permitted by the Agreement and shall cease using our Marks upon termination of the Agreement. For additional guidelines on the use of the American Express Marks, contact Merchant's payment processing company.

- 13.8 Treatment of American Express Card Member Information.** Any and all Card Member Information is confidential and the sole property of the Issuer, American Express or its Affiliates. Except as otherwise specified, MERCHANT must not disclose Card Member Information, nor use nor store it, other than to facilitate Transactions at MERCHANT'S Establishments in accordance with the Agreement.

- 13.9 Disclosure to American Express.** MERCHANT agrees that Bank and its merchant service providers may disclose Transactions Data, Merchant Data, and other information about the MERCHANT to American Express. MERCHANT agrees that American Express may use such information to perform its responsibilities in connection with the Program, promote the American Express Network, perform analytics and create reports, and for any other lawful business purposes, including marketing purposes within the parameters of the Agreement. Additionally, any information obtained in the Merchant Payment Card Application may be used by American Express to screen and/or monitor MERCHANT in connection with American Express Card marketing and administrative purposes.

- 13.10 Marketing Opt-Out.** In order to opt-out of American Express newsletters or messages about products, services and resources for different forms of communications, MERCHANT must inform Bank of its request to opt-out via the Merchant Payment Card Application, via telephone or by providing written notice as provided for in this Agreement.

- 13.11 Third Party Beneficiary.** MERCHANT agrees that American Express is a third party beneficiary to this Agreement, but American Express does not have obligations to the Merchant, and American Express may enforce the terms of this Agreement against the MERCHANT.

EXHIBIT "I"
TO DISCLOSURE DOCUMENT

State Effective Dates~~STATE EFFECTIVE DATES~~

State Effective Dates

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

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

State	Effective Date
California	Exempt
Hawaii	September 29, 2023 (amended January 24, 2024)
Illinois	Exempt
Indiana	Exempt
Maryland	Exemption effective July 17, 2023 (amended November 29, 2023)
Michigan	May 14, 2023 (amended November 15, 2023 <u>May 1, 2024</u>)
Minnesota	June 27, 2023 (amended December 11, 2023)
New York	Exempt
North Dakota	
Rhode Island	Exemption effective June 6, 2023 (amended November 29, 2023)
South Dakota	
Virginia	Exemption effective May 10, 2023 (amended December 1, 2023)
Washington	Exemption effective July 9, 2023 (amended January 8, 2024) <u>Exempt</u>
Wisconsin	April 28, 2023 (amended November 27, 2023) <u>May 1, 2024</u>

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

EXHIBIT P

RECEIPTS

EXHIBIT "J"
TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

~~(YOUR COPY — RETAIN FOR YOUR FILES)~~

This Disclosure Document summarizes certain provisions of the ~~FRANCHISE AGREEMENT~~ [franchise agreement](#) and other information in plain language. ~~Read this Disclosure Document and all agreements carefully.~~

If The Joint Corp. offers you a franchise, it must provide this Disclosure Document to you ~~FOURTEEN~~ (14) days before you sign a binding agreement ~~WITH~~, or make a payment ~~TO~~, [with](#) the franchisor or an affiliate in connection with the proposed franchise sale, ~~New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or SOONER IF REQUIRED BY APPLICABLE LAW~~ [10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.](#)

If The Joint Corp. [does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.](#)

[The franchise seller\(s\) involved with the sale of this franchise is/are:](#)

[Eric Simon; 16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260; \(480\) 245-5960](#)

[Issuance Date: May 1, 2024](#)

[The Joint Corp.'s agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document \(for franchise registration states\) or EXHIBIT "B" to this Disclosure Document \(for all other states\).](#)

[I received a Franchise Disclosure Document that included the following Exhibits:](#)

- [EXHIBIT "A" List of State Administrators and Agents for Service of Process](#)
- [EXHIBIT "B" Agent for Service of Process](#)
- [EXHIBIT "C" Franchise Agreement](#)
- [EXHIBIT "D" Area Development Agreement](#)
- [EXHIBIT "E" Table of Contents of the confidential Operations Manual](#)
- [EXHIBIT "F" List of Franchisees](#)
- [EXHIBIT "G" Financial Statements of The Joint Corp.](#)
- [EXHIBIT "H" Other Agreements](#)
- [EXHIBIT "H"-1 State Addenda](#)
- [EXHIBIT "H"-2 Managed Clinic Addendum](#)
- [EXHIBIT "H"-3 Waiver Agreement](#)
- [EXHIBIT "H"-4 Sample Management Agreement](#)
- [EXHIBIT "H"-5 Asset Purchase Agreement](#)
- [EXHIBIT "H"-6 General Release](#)
- [EXHIBIT "H"-7 Letter of Intent](#)
- [EXHIBIT "H"-8 Vendor Agreements](#)
- [EXHIBIT "I" State Effective Dates](#)
- [EXHIBIT "J" Receipts](#)

[Print Name](#)

[Date](#)

[\(Signature\) Prospective Franchise Owner](#)

[\(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to The Joint Corp.\)](#)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If The Joint Corp. offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Joint Corp. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal ~~LAW~~ and state law may have occurred and should be reported to the Federal Trade Commission, Washington, ~~D.C.~~DC 20580, and the ~~APPLICABLE~~appropriate state agency listed in ~~EXHIBIT A.~~ EXHIBIT "A" to this Disclosure Document.

~~New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.~~

The following franchise seller(s) ~~will represent us in connection~~involved with the sale of our franchises: this franchise is/are:

Eric Simon (Name) at: 16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260 (Principal Address) and: (480) 245-5960 (Telephone Number).

~~Date of Issuance: April 28, 2023 (amended November 15, 2023)~~

~~See Exhibit A for our registered agents authorized to receive service of process.~~

Issuance Date: May 1, 2024

The Joint Corp.'s agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

~~I have received a Franchise Disclosure Document dated April 28, 2023 (amended November 15, 2023). This Disclosure Document that included the following Exhibits:~~

- EXHIBIT "A" List of State Administrators/ and Agents for Service of Process
- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "E" Table of Contents of the confidential Operations Manual ~~Table of Contents~~

- ~~Management~~EXHIBIT "G" Financial Statements of The Joint Corp.
- EXHIBIT "H" Other Agreements
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 Managed Clinic Addendum
- EXHIBIT "H"-3 Waiver Agreement
- ~~Amendment to Waive~~EXHIBIT "H"-4 Sample Management Agreement

- ~~2.4.1.1. EXHIBIT "F"~~ Financial Statements ~~Confidentiality/Nondisclosure Agreement~~
- List of Franchisees
- ~~B.~~ Form UCC-1 Financing Statement

- ~~C.~~ State Specific Disclosures
- ~~REQUIRED EXHIBIT "H"-5~~ VENDOR AGREEMENTS
- ~~D.~~ Form of Transfer Agreement and

~~General Release Agreement~~

~~F. State Effective Dates~~

~~E. Letter of Intent~~

~~Form of Asset Purchase Agreement~~

Signature of Potential Franchisee

Date Print Name of Potential Franchisee

You may return the signed receipt either by signing, dating, and mailing it to us at The Joint Corp., located at 16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260, or by faxing a copy of the signed and dated receipt to us at (480) 513-7989.

~~RECEIPT~~

~~(OUR COPY—SIGN, DATE AND RETURN TO US)~~

~~This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.~~

~~If The Joint Corp. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.~~

~~New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.~~

~~If The Joint Corp. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.~~

~~The following franchise seller(s) will represent us in connection with the sale of our franchises: Eric Simon (Name) at 16767 N. EXHIBIT "H"-6 Perimeter Dr., Suite 110, Scottsdale, Arizona 85260 (Principal Address) and (480) 245-5960 (Telephone Number).~~

~~Date of Issuance: April 28, 2023 (amended November 15, 2023)~~

~~See Exhibit A for our registered agents authorized to receive service of process.~~

~~I have received a Franchise Disclosure Document dated April 28, 2023 (amended November 15, 2023). This Disclosure Document included the following Exhibits:~~

- ~~A. — State Administrators/Agents for Service of Process~~
- ~~B. — Franchise Agreement~~
- ~~C. — Operations Manual Table of Contents~~

~~2.5.1.1. Financial~~

~~Statements Confidentiality/Nondisclosure Agreement~~

- ~~E. — List of Franchisees~~
- ~~F. — Form UCC-1 Financing Statement~~
- ~~G. — Management Agreement~~
- ~~H. — Amendment to Waive Management Agreement~~
- ~~I. — State Specific Disclosures~~
- ~~J. — Required Vendor Agreements~~

~~Form of Transfer Agreement and General Release Agreement~~

~~EXHIBIT "H"-7 Letter of Intent~~

- ~~K. — Form of Asset Purchase Agreement~~

~~EXHIBIT "H"-8 Vendor Agreements~~

- ~~L. — EXHIBIT "I" State Effective Dates~~

Signature of Potential Franchisee

Date _____ Print Name of Potential Franchisee

~~You may return the signed receipt either by signing, dating, and mailing it to us at The Joint Corp., located at 16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260, or by faxing a copy of the signed and dated receipt to us at (480) 513-7989.~~

EXHIBIT "J" Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to The Joint Corp.)