

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 you to resolve disputes with the franchisor by mediation, arbitration or litigation only in the city of Orlando, Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Orlando, Florida than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and only has a brief operating history for you to review in order to assist you in determining whether or not to make this investment.
3. Mandatory Minimum Payments. You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. Sales Performance Required. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. Unregistered Trademark. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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.

Provider that you must use to facilitate access to the Specialty Services at your Center, unless we agree in writing to allow you to contract with an alternative, third-party Authorized Care Provider. Although we provide the form of the APA that you must enter into with the Authorized Care Provider we designate, you remain solely responsible for independently engaging your own legal counsel to evaluate, review, and ensure that your APA and its terms comply with all applicable state and federal laws and regulations, including any CPOM and CPON rules in the applicable state and other Authorized Care Provider Regulations.

Please note that some state agencies or medical, or nursing boards may regulate the Authorized Products and Services differently and, in some instances, require these services to be administered or provided only by or through the supervision of an Authorized Care Provider that is licensed by the applicable state. We may, but are not obligated to, permit you to directly employ a licensed medical professional to order, administer, and/or provide certain Specialty Services in jurisdictions where direct employment of licensed medical professionals by a non-licensed entity is permitted under applicable law. You are ~~solely~~ responsible for determining and complying with all applicable laws relating to the Authorized Products and Services, and you are strongly encouraged to seek guidance from legal counsel regarding these matters to ensure compliance with these laws.

Market and Competition

The Center will be located in a specific geographic territory (the “Territory”) and will offer or facilitate access to products and services to the general public throughout the year and compete with other health, wellbeing and fitness recovery providers. The market for health, wellbeing and fitness recovery providers generally is well-developed and competitive nationally.

You can expect to compete in your market with locally-owned businesses, as well as national and regional chains that offer similar products and services offered by P3 Recovery Centers. The Authorized Products and Services offered by P3 Recovery Centers are not seasonal. The market for the products and services offered by P3 Recovery Centers (e.g. health, wellbeing and fitness recovery products and services) is developed, well-established, and highly competitive. The Center may also be affected by other factors, such as changes in consumer taste, economic conditions, population, and travel patterns. The Center will compete on the basis of various factors such as price, service, location, and convenience. We recommend that you consult with your own independent business advisors and legal counsel to evaluate these and other factors before deciding to invest in a P3 Recovery Center.

Industry-Specific Laws and Regulations

P3 Recovery Centers offer or facilitate access to certain Authorized Products and Services that may be subject to federal and state laws and regulations, as well as local permitting and zoning requirements at a county and/or municipal level. These laws and regulations may include (i) state CPOM or CPON rules, (ii) Authorized Care Provider Regulations, (iii) laws and state board regulations and rules pertaining to the practice of medicine and/or nursing, (iv) telemedicine laws and regulations, (v) state individual and facility licensure and registration requirements, (vi) patient inducement and fee-splitting laws, (vii) laws and regulations pertaining to medical devices and related healthcare equipment regulated by the Food and Drug Administration (“FDA”), (viii) laws and regulations pertaining to health facilities, including requirements applicable to membership programs, gift cards, pre-paid packages, (ix) laws and regulations pertaining to state pharmacy boards, (x) federal and state consumer protection laws, including data privacy laws, electronic communication laws such as the Telephone Consumer Protection Act (“TCPA”), advertising and marketing laws regulated by the Federal Trade Commission (“FTC”) or state agencies; (xi) clinical laboratory laws and regulations; (xii) workplace safety laws issued and enforced by

Item 5

INITIAL FEES

Franchise Agreement

Initial Franchise Fee

If we grant you a franchise for a P3 Recovery Center, then when you sign the Franchise Agreement you must pay us a non-recurring initial franchise fee (the “Initial Franchise Fee”) in the amount of \$65,000 in one lump sum. The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances, except as provided below in this Item 5. The Initial Franchise Fee is uniform as to all franchise owners purchasing a franchise for a P3 Recovery Center.

You may be eligible to receive a refund of up to 50% (less any costs or expenses incurred by us for administration or training of you and your employees/managers) of your Initial Franchise Fee if: (1) your required attendees to our initial training program described in Item 11 below cannot complete initial training to our satisfaction, we terminate the Franchise Agreement (at our option), and you sign and submit to us a release of claims in a form we prescribe (a sample of which is attached as Exhibit H); or (2) we and you cannot agree upon a location for the Center within 60 days after the date we sign the Franchise Agreement (the “Effective Date”), we terminate the Franchise Agreement (at our option), and you sign and submit to us a release of claims in a form we prescribe (a sample of which is attached as Exhibit H); or (3) you are unable to obtain all necessary governmental approvals, licenses, permits, or other legal authorizations required to open and operate the Center lawfully by the agreed upon opening date, we terminate the Franchise Agreement (at our option), and you sign and submit to us a release of claims in a form we then prescribe (a sample of which is attached as Exhibit H).

Development Agreement Rider

If we allow you to sign our Development Agreement Rider to the Franchise Agreement because you commit to develop a minimum number of P3 Recovery Centers in an Area, we currently charge a development fee that you must pay in ~~full~~one lump sum when you sign the Development Agreement Rider. The development fee due equals the full \$65,000 Initial Franchise Fee for the P3 Recovery Center covered by that Franchise Agreement plus a deposit of \$32,500 for each additional P3 Recovery Center you will develop. The balance of the Initial Franchise Fee (that is, the remaining \$32,500) for the second and each additional P3 Recovery Center is due when you sign the Franchise Agreement for that P3 Recovery Center. We and you will determine the number of P3 Recovery Centers you must develop, and the dates by which you must develop them, before signing the Development Agreement Rider.

The development fee is not refundable under any circumstances. If you sign the Development Agreement Rider, pay the development fee, and then cannot find sites for P3 Recovery Centers or choose not to perform for another reason (in which case the first Franchise Agreement and/or the Development Agreement Rider is terminated), we may keep the entire development fee and need not return any money to you.

Range of Pre-Opening Amounts Received During Prior Fiscal Year

Because we are offering franchises for P3 Recovery Centers for the first time with this Disclosure Document, we did not receive any amounts toward the pre-opening fees described above from

Center is located, you must sign the documents we require to become a member of the Cooperative Program and participate in the Cooperative Program as those documents require.

If a Cooperative Program is established for your ACA, you must contribute up to 2% of the Center's Gross Revenues to the Cooperative Program weekly, monthly, or as otherwise specified by 50% or more of the P3 Recovery Centers operating in the ACA. You need not contribute more than 3% of the Center's Gross Revenues to the Cooperative Program unless 67% or more of the P3 Recovery Centers operating in the ACA, including those we or our affiliates operate, vote to increase the contribution in excess of 2%. Any amounts you contribute to a Cooperative Program will count toward the minimum amount you are required to spend on local advertising.

We do not have a franchise owner advisory council that advises us on advertising policies. [You are not required to participate in any other advertising fund.](#)

Computer System

You must obtain and use in the Center a computer system containing the hardware and software we specify or that we recommend (the "Computer System"), the initial cost of which is between approximately \$5,000 and \$7,500 depending on the hardware you select. The Computer System currently includes: (i) the required point-of-sale ("POS") system and related hardware and software from our designated vendor; (ii) Hapana management software, (iii) Xero accounting software, (iv) FranConnect software, (v) Canva Marketing software, (vi) Youtube subscription, (vii) Google Workspace subscription, and (viii) Apple Mac PC and related hardware.

Currently, our required POS system is provided by Stripe. Stripe is included in the Hapana management software package. You must pay Hapana a monthly fee which includes the POS system, which is currently \$835 per month.

We currently require you to use Xero for you Center's accounting software. You must pay Xero a monthly fee, which is currently \$75 per month. We also require you to use FranConnect franchise management software. You must pay FranConnect a monthly fee, which is currently \$195 per month.

We currently require you to use Canva Marketing for creation of marketing materials for the Center. You must pay Canva Marketing a monthly fee, which is currently \$35 per month. We also currently require you to use YouTube to provide media for your Center. You must pay YouTube a monthly fee, which is currently \$17 per month. Additionally, we currently require you to use Google Workspace for productivity and collaboration software for the Center. You must pay Google Workspace a monthly fee, which is currently \$17 per month.

You must purchase all other parts of the Computer System from vendors we have approved for a particular component and your Computer System for the Center meets our overall specifications. We may modify the specifications for and components of the Computer System. You will be responsible for the costs of updating and implementing any changes we make to the Computer System.

You will be solely responsible for ongoing maintenance and upgrading of the Computer System. Currently, the annual cost of any optional or required maintenance, updating, upgrading or support contracts is included in the monthly subscription fees for the POS system. Other than the \$835 on-going monthly fee that you will pay for Hapana, the third parties whose Computer System-related products you purchase or lease have no contractual rights or obligations to provide ongoing maintenance, repairs, upgrades or updates unless you obtain a service contract or a warranty covers the product.

Minimum Performance Standard	Deadline
Achieve a minimum of 10 corporate partnerships	12 months after commencement of operations

Development Agreement Rider

You may (if you qualify) develop and operate a number of P3 Recovery Centers within the Area. We and you will identify the Area in the Development Agreement Rider before signing it. The Area typically is a city, cities, or counties. We base the Area’s size primarily on the number of P3 Recovery Centers you agree to develop, demographics, and site availability. We and you will negotiate the number of P3 Recovery Centers you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the schedule in the Development Agreement Rider before signing it. While the Development Agreement Rider is in effect, we (and our affiliates) will not establish or operate, or grant to others the right to establish or operate, other P3 Recovery Centers the physical premises of which are located within the Area. There are no other restrictions on us (or our affiliates).

Because we and our affiliates retain certain rights within and outside the Area, you will not receive an exclusive territory. You may face competition from other P3 Recovery Center franchise owners, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You must not develop or operate P3 Recovery Centers outside the Area. We may terminate the Development Agreement Rider if you do not satisfy your development obligations when required. In addition, if you fail to comply with the terms of the Development Agreement Rider during its term, we may, at our option, elect to terminate only the exclusivity of the Area instead of terminating the Development Agreement Rider entirely. This means that during the remainder of the term of the Development Agreement Rider, we and our affiliates will have the right to establish and operate, and grant to others the right to establish and operate, P3 Recovery Centers the physical premises of which are located within the Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Area without any restrictions. However, our termination of the exclusivity will be without prejudice to our right to later terminate the Development Agreement Rider for the same default or any other defaults under the Development Agreement Rider.

Despite the development schedule under the Development Agreement Rider, we may delay your development of additional P3 Recovery Centers within the Area for the time period we deem best if we believe, when you apply for the next P3 Recovery Center, that you are not yet operationally, managerially, or otherwise prepared (due to the particular amount of time that has elapsed since you developed and opened your most recent P3 Recovery Center) to develop, open and/or operate the additional P3 Recovery Center according to our standards and specifications. We may delay additional development as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Except as described above, we may not alter your Area during the Development Agreement Rider’s term.

on the franchise disclosure document, including any exhibit thereto. (d) Violations of any provision of this division.

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. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

MINNESOTA

~~1. The following risk factors are added to the “Special Risks to Consider About This Franchise” page:~~

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

~~**Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.~~

~~**Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor’s right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.~~

21. The row entitled “Insufficient Funds Processing Fee” in the table in Item 6 of the disclosure document shall be replaced with the following in order to meet the requirements of Minnesota Statute 604.113:

Insufficient Funds Processing Fee	\$30	As incurred	Due if you have insufficient funds in your EDTA to cover a payment, or, if you pay by check, a check is returned for insufficient funds
-----------------------------------	------	-------------	---

32. Item 13 of the disclosure document is supplemented by the following language:

We will protect your right to use the trademarks, service marks, trade names, logos, or other commercial symbols or will indemnify you from

any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the marks to the extent required by Minnesota law.

43. Item 17 of the disclosure document is supplemented by the following language:

Under Minnesota law, and except in certain specified cases, we must give you 90 days notice of termination with 60 days to cure. We also must give you at least 180 days' notice of our intention not to renew a franchise and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement (or Development Agreement Rider) is inconsistent with Minnesota law, Minnesota law will control.

To the extent that any condition, stipulation, or provision contained in the Franchise Agreement (or Development Agreement Rider) (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with Minnesota franchise law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of Minnesota franchise law.

54. To the extent you are required to execute a general release in our favor, such release will exclude liabilities arising under the Minnesota Franchises Act or a rule or any order promulgated thereunder.

65. Sec. 80C.17, Sudb. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

76. Sec. 80C.21 of the Minnesota Franchises Act and Minn. Rules 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

87. All sections of the disclosure document referencing our right to obtain injunctive relief are hereby amended to refer to our right to seek to obtain.

98. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.