FRANCHISE DISCLOSURE DOCUMENT

ARCTIC FRANCHISING LLC
a Washington Limited Liability Company
1133 Lake Washington Blvd N, Ste. 80
Renton, WA 98056
425-400-2925
info@arcticelevation.com
www.arcticelevation.com

We are ***Arctic Franchising LLC,*** a Washington Limited Liability Company. We offer franchises to licensed health care professionals and qualified entities to own and operate an "***Arctic Elevation***®*"* wellness center that specializes in providing healthcare services and products such as Cryotherapy, Red Light Therapy, Infrared Sauna, Compression Therapy, Percussion Therapy, IV Drip Therapy, and NAD+ in the Arctic franchise system. This is done under the "***Arctic Elevation***®*" and* "***Arctic***sm*"* names and logos.

The Area Representative Franchise described in this Disclosure Document is to solicit prospective Arctic Elevation unit franchisees and to provide specified support services to them. Unit franchises are offered under a separate disclosure document. As an area representative, you will be required to purchase, own, and operate at least one Arctic Elevation unit franchise.

The total investment necessary to begin operations as an Area is **$177,250 to $762,500**. This includes a Development Fee determined by multiplying the population of your Area by **$0.05** per person. Typically, this ranges from 2 million to 13 million persons for a total Area Representative Fee of **$100,000** to **$650,000**) that must be paid to us or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Chief Executive Officer, David Kostroub, at 1133 Lake Washington Blvd N, Ste. 80, Renton, WA 98056, 425-400-2925.

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

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

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

Issuance Date: **January 1, 2026**

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.
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 B 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 Arctic business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Arctic franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Washington. 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 Washington 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. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Supplier Control**. You must purchase all or nearly all the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **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.
7. **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.

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

We are *Arctic Franchising LLC,* a Washington Limited Liability Company that was formed on July 23, 2024. The address and telephone number of our franchise office is 1133 Lake Washington Blvd N, Ste. 80, Renton, WA 98056, 425-400-2925. Information concerning our agents for service of process may be found in Exhibit A to this Franchise Disclosure Document.

The term “Area Representative” means a person or entity that operates one or more Arctic Elevation area representative businesses. The term “Unit Franchisee” means a person or entity that operates one or several Arctic Elevation wellness centers. Each Unit Franchise in your Area Representative territory will report to and receive support directly and indirectly from you and our corporate headquarters. We refer to such a wellness center as a “Unit Franchise”.

As a franchisee, you will be granted, for consideration paid to the Franchisor, the right to solicit and recruit third parties to enter into Arctic Elevation unit franchise agreements with us, and to provide support services to those third parties entering into unit franchise agreements with us. While an area representative is party to an Area Representative Agreement, the area representative will not be a party to any Unit Franchise Agreements signed between third parties and us. Arctic Elevation wellness centers specialize in providing healthcare services and products such as Cryotherapy, Red Light Therapy, Infrared Sauna, Compression Therapy, Percussion Therapy, IV Drip Therapy, and NAD+ to the public through licensed medical professionals using our trademarks and methods of operation.

Arctic wellness centers are fully staffed with appropriately licensed health care professionals including physicians, doctors, therapists, nurses, and technicians as applicable. In this document, we collectively refer to these applicable and appropriate licensed professionals, physicians, doctors, therapists, nurses, and technicians as “wellness providers.” We offer franchises to appropriately licensed wellness providers and qualified entities to own and operate Arctic franchises. Arctic wellness centers are dedicated to state of the art professional and natural processes and healthcare to patients while emphasizing overall health and wellness. An Arctic franchise includes our business services, advertising and promotions, wellness center practice system, and patient payment and collection systems. Collectively, this is called “the Arctic System.”

We do business under the name "*Arctic Elevation*®” and the names "*Arctic*sm*,*” and “*Arctic Wellness Centers*m”” and the Arctic logos (collectively these are called the “Arctic Marks.”) We do not do business under any other names.

In this Franchise Disclosure Document, we are called “we” or “us.” We have no parent. We have no predecessors or affiliates that offer franchises or provide products or services to franchisees required to be disclosed in Item 1.

We complement our network of franchised wellness centers with locations owned by our affiliates. Many of the locations owned by our affiliates are available for purchase by franchisees after an incubation period. We do not own or operate any wellness centers as of the date of this Franchise Disclosure Document, but we do retain the right to own and operate healthcare wellness centers including those of the type to be operated by our franchisees. Our affiliate, Arctic Elevation, LLC, operates one unit franchise business of the type being offered. It does not operate any area representative businesses. We and our affiliates retain the right to own or operate Arctic wellness centers, offices, and franchises.

In this Franchise Disclosure Document, "you" means the person who buys an Arctic Elevation Area Representative franchise (“Franchise”) and includes your owners, partners, and members when you are a business entity. We license our Area Representative and Unit Franchisees to offer and promote the Arctic System under the “Arctic” Marks (see Item 13, below). Our Unit Franchisees offer the Arctic System and promote the Arctic System to individuals.

We grant Area Representative franchisees the right to solicit prospective Unit Franchisees and to provide specified support services to such franchisees within a specified geographical area. We grant Area Representative Franchisees use our systems, trade names, trademarks, service marks, logos, and catch phrases (the “Arctic Marks”). Our Area Representatives agree to solicit and recruit a minimum number of Unit Franchises during a specified timeframe (the “Development Schedule”) within a specified geographic area (the “Area Representative Territory” or “Territory”). As Area Representative you will (i) solicit, recruit, screen and interview prospective Franchisees for us and (ii) provide operational, training and field support to Unit Franchisees both before and after they open their Unit Franchise. You will share in a portion of the initial franchise and royalty fees paid to us by the Unit Franchisees in your Territory in exchange for performing your duties. You will also receive special pricing on products and services you offer in connection with Unit Franchises that you own and operate.

Your right to solicit and recruit Unit Franchises in your Territory is non-exclusive. Therefore, we may recruit prospective Franchisees and sell Unit Franchises in your Territory, however, you will still earn a portion of the initial franchise fee for franchises that we sell in your Territory if you comply with the requirements of your Area Representative Agreement. We will turn over to you all the sales leads that we receive from prospects looking to acquire a Unit Franchise in your Territory so that you can prequalify the candidate. Your Territory, Minimum Development Obligation and Development Schedule will be established before you sign your Area Representative Agreement.

While we rely on you to solicit, screen and interview Unit Franchisee candidates and to present us with those applicants whom you prequalify using our criteria, we make the final decision on whether we will sell a franchise to the candidates you present. If we approve the candidate, we and the candidate will sign a Unit Franchise Agreement. You will not be a party to the Unit Franchise Agreements. However, you will provide a variety of site services and support services to the Unit Franchisees in your Territory. We will prepare and pay the costs associated with the franchise disclosure documents (“FDD”) used in soliciting franchisees within your Territory, however, you will assist us in getting any information we need to prepare and update the FDD.

Our proprietary business format and systems include operation, and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing an Area Representative franchise, all which we may change, improve, and further develop. Neither we nor you may designate patient care, clinical services, and medical services offered to or performed on patients in connection with Unit Franchises.

You will operate your Area Representative franchise according to our standard Area Representative Agreement and our system standards, specifications, policies, and procedures, which will be communicated to you via our confidential operations manual(s) and other written directives, and our business methods and record keeping software and payment systems, all which are part of the Arctic System. The Arctic System is an organized system regulated by our healthcare practice management, patient referral, business operations, record keeping, payment receipt, administrative, promotional, advertising, patient tracking, and clearinghouse rules and regulations. (Collectively these are referred to as the “Wellness Center Rules”).

We have offered franchises in the United States since August 15, 2024. We have not offered franchises in any other line of business.

We focus activities on supporting and empowering our franchisees and advancing the Arctic System. We are not involved in any other business activities. We have not yet but do plan in the future to offer and sell licenses outside of the United States for independent entities to use the Arctic Marks and to operate within the Arctic System in various foreign countries.

The market for medical wellness treatments, services and products is well developed and competitive and is not seasonal. Medical care, treatment, services, and products are under intense pricing pressure. Full-service medical providers seek to differentiate themselves by providing free examinations and initial treatments and more comprehensive services and related products. The Arctic System is based upon high standards of care and treatment.

The principal sources of direct competition for Arctic Wellness Centers are other wellness centers offering services and products similar to ours, other doctors and medical practitioners, group medical practices, regular full-service medical wellness centers, mobile wellness centers, and low cost and referral systems. Indirect competition comes from individual medical professionals and medical therapists. These may be regional, national, or international, and may operate more locations and have greater financial resources than you. Your competitors may have a more experienced marketing organization and greater name recognition than *Arctic Elevation*. You may also compete with other businesses, including chains and independent businesses that are primarily directed to specific clients or areas of services. Some competitors will offer many goods and services that are the same as or similar to those you offer. Under some circumstances, you will also compete with us and with our other franchisees.

Unless otherwise allowed by state laws, an Arctic Unit Franchise must be owned by and under the direct supervision of a currently and appropriately licensed health care provider. The licensed health care provider hires appropriately trained and licensed staff, including nurses, assistants, and technicians. The licensed health care professional must provide at least the level of supervision over the staff and rendered services as required by applicable laws. Many wellness center and medical practice laws require that a medical practitioner must own the company that provides wellness center medical services and must be available to give general ongoing supervision to wellness center medical assistants (i.e. be “Captain of the Ship”); in many states, no unlicensed individual may own a wellness center or medical practice regardless of the form the practice is established (individual ownership, partnership, corporation, limited liability company, etc.) and prohibits a layperson from influencing decisions related to diagnosis or treatment of wellness center patients which are matters requiring current and not suspended medical licensure. These types of rules and practice requirements apply to every type of medical discipline. We undertake upfront and ongoing reviews to verify and enforce that each Arctic franchise is owned and operated by currently licensed wellness providers or health care corporations as required by relevant state laws and regulations. We never influence a health care provider’s decisions related to diagnosis or treatment of patients, directly or indirectly or through the Wellness Center Rules. If, at any time, a Unit Franchise is not operated as required by relevant local licensing, practice, or layperson-influence rules, we will require the franchise to be transferred to an appropriately licensed health care provider with a current license, or we may terminate the franchise.

The medical and health care industries are heavily regulated. Most states have specific regulations on operating any facility where health care services are offered. Some states require that the facility offer all relevant and related health care services or have contracts in place with other facilities that will provide services not offered. It will be your duty to investigate and adhere to all local and state medical practice and health care regulations. Generally, this means that all medical and health care services must be rendered by currently licensed wellness providers and approved health care assistants. All medical and health care procedures must follow recommendations and requirements of national, state and local associations, individual state boards, and other appropriate regulation entities that address the following subject areas, among others:

Practice of medicine and the operation and licensing of health care services;

Treatment controls and monitoring;

Relationship of providers and suppliers of health care services, on the one hand, and physicians and wellness technicians and wellness providers, on the other, including anti-kickback laws (the federal Anti-Kickback Statute and similar state and federal laws);

Restrictions or prohibitions on the corporate practice of medicine, captain-of-the-ship requirements, and 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;

Hazardous waste handling and disposal;

Health and sanitation;

Access by persons with disabilities;

Safety, and zoning; and

Advertising of medical and health care services.

All states have specific regulations on operating any facility where medical and health care services are offered. Some states require that the facility offer all related medical and health care services or have contracts in place with other facilities that will provide services not offered. All medical and health care procedures must follow recommendations and requirements of national, state, and local medical associations, individual state medical boards, and other appropriate medical regulation entities.

We strongly encourage you to consult with independent legal counsel concerning the laws of the state(s) in which your potential Territory(s) will be located so that you are aware of the requirements that will apply to the Unit Franchises within your Territory. We are not obliged to provide assistance in determining which specific state laws apply to Area Representative businesses or Unit Franchises in your Territory. You should consider that both the sale of franchises and the operation of wellness center businesses are heavily regulated by federal, state and local laws, rules and ordinances. You must comply with all federal and state laws that regulate the offer and sale of franchises and comply with all franchise disclosure requirements, franchise broker registration and/or sales agent disclosure requirements and any other laws or regulations governing the sale of franchises and the relationship between franchisors and franchisees. Neither you nor any of your employees or representatives may solicit prospective franchisees of Unit Franchises until we have provided you with our current FDD related to the offer and sale of Unit Franchises in the Area Representative Territory and have complied with all state registration requirements, if necessary.

Not all these laws, rules, and regulations will be applicable to all our franchisees. They may depend on the discipline, location, services provided, and which types of government or private insurance you accept. You are responsible to fully investigate, to identify, and to comply with all laws, including others than those listed above. Therefore, we require you to engage the services of legal counsel knowledgeable in medical, and health care regulations to advise you on the applicable federal, state and local laws, rules and regulations; to counsel you on compliance with them, including all licensing requirements and maintaining them current, your legal obligations, and possible effects on your cost of operating an Arctic franchise. Your attorney will also assist you to set up your franchise in your local area, to register with relevant governing agencies or boards, to customize management and patient care and contracts, and to comply with relevant federal, state, and local laws and regulations.

You should be particularly aware of the various federal, state, and local statutes, rules, regulations, ordinances, requirements, directives, and guidance relating specifically to the furnishing of health care services and items (“Health Care Requirements”). Health Care Requirements impose restrictions and requirements relating to many aspects of the rendering of health care services and items, including those relating to: health care facility licensing; billing, claims submission and reimbursement; limitations on coverage by Medicare and other federal and state health care programs; patient rights and privacy; personnel qualifications/licensing; and fraud and abuse. Violations of Health Care Requirements may subject a person or entity to civil and criminal liability. This discussion of Health Care Requirements is not a substitute for individual legal advice and counsel or guidance from regulatory agencies, as appropriate. We require you to manage and operate your franchise in full compliance with all applicable laws, including Health Care Requirements. We are not responsible to notify you of changes to the laws and Health Care Requirements summarized in this Disclosure Document. You are solely responsible for investigating and monitoring all changes and for keeping abreast of new Health Care Requirements.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the franchise and the other licenses applicable to your employees. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the operation of a wellness center medical practice.

Neither you nor we may engage in the practice of medicine, nursing, healthcare or any other profession that requires specialized training or certification. Neither the Franchise Agreement nor the Wellness Center Rules interferes, affects, or limits the independent exercise of medical and health care judgment by Unit Franchisees or their staff.

Medical and non-medical products and services will be offered by a Unit Franchise business, and if the franchisee is unlicensed, then s/he or the franchise entity must be associated with a professional corporation ("PC") to provide medical services/products that a layperson/entity cannot.

In many states the terms of an Administrative Services Agreement will govern the relationship between the PC and franchisee and define the responsibilities between the two parties. The PC will provide medical care and services to clients/patients, while the franchisee provides the day-to-day administrative support, management services, along with the provision of office space, furnishings and supplies needed by the PC to provide medical services.

A business associate agreement may also be required where the franchisee is unlicensed. A business associate agreement allows sharing protected health information between the us, you, and franchisee, as well as between the franchisee and the PC. A business associate agreement outlines the permitted uses and disclosures of protected health information, and incorporates the privacy, breach notification, and security obligation requirements under HIPAA. A business associate agreement used in tandem with a management agreement allows a franchisee access to protected health info provided by the PC for purposes of business support and administration services to the PC.

If a business associate or management agreement is used, we will monitor use and execution of them prior to the opening of each Unit Franchise. Sample copies of each agreement are attached to this FDD in Exhibit L.

To comply with the various laws regarding the practice of wellness center medicine, and the ownership and operation of wellness center medical practices and wellness center health care businesses that provide wellness center medical services, you may not engage in activities that are, or may appear to be, the practice of medicine if you operate your Area Representative franchise in a state that forbids it. You are solely responsible, at your expense, to investigate and to comply with all laws, regulations, and rules in the state where you wish to offer, sell, and service Unit Franchisees including laws that regulate the corporate practice of wellness center medicine, captain-of the-ship restrictions, and the sharing of wellness center patient payments. These laws may change at any time. You must immediately advise us of such changes, including changes to or suspension of current wellness center medical licenses, and of your proposed corrective action to comply with them.

Neither you nor we will never be involved in decisions pertaining to the hiring, firing, supervision, or discipline of Affiliated Providers or other Unit Franchise employees nor will we determine their compensation or other terms of employment. We do not provide family medical care and urgent care medical services, nor will we supervise, direct, control, or suggest to you or to any professional entity or Affiliated Providers the manner in which you or the professional entity provides medical services to patients. Our minimum standards and guidelines do not involve influencing decisions related to diagnosis or treatment of patients. Notwithstanding that Unit Franchisees must purchase products, devices and equipment from us and from suppliers approved by us and that you must offer and sell programs and services that we approve, neither you nor we may ever interfere or control in any way in the exercise of medical judgment by Unit Franchisees and by their affiliated medical providers, employees, and professional entities.

You should understand and consider these laws and regulations when evaluating your purchase of an Area Representative franchise. We recommend you consult your healthcare lawyer before you sign the Area Representative franchise agreement. Some states may not permit an unlicensed person to own or control a wellness center. You should keep in mind that the laws relating to the practice of medicine could still be in a state of flux and could change with little or no notice. On account of any such changes, you may have to make changes.

Other Legal Regulations

You must comply with all federal, state, and local laws, rules, and regulations that apply to all businesses. In addition, there are federal, state, and in some cases local regulations pertaining specifically to the wellness center medical and wellness industry. These pertain to licensing, treatment controls, confidentiality of patient records, and hazardous waste handling and disposal. Other legal regulations that apply to all businesses generally may include:

Federal, state, and city, county, parish, borough, municipality or other local laws.

Federal. Examples of federal laws are wage and hour, occupational health and safety, equal employment opportunity, hazardous materials communication to employees, hazardous waste and environmental, and the Americans with Disabilities Act.

State. State laws may cover the same topics as federal laws. Examples of state laws include environmental, occupational health and safety, fire, health, and building and construction laws.

Local. Local laws may cover the same topics as federal and state laws. Examples of local laws include health and sanitation, building codes, fire codes, and waste disposal.

You must pay special attention to federal and state wage and hour laws with respect to your employees. You must comply with all such laws and pay your employees properly. You should investigate these, all employment related, and other laws applicable to your business with your own independent legal counsel before signing the Franchise Agreement and before opening for business.

Also, many states and local municipalities have laws and regulations that apply to membership contracts, operations, and licenses. Many states limit the length of time your member contracts can be, require specific provisions be included in member contracts (such as cancellation periods or specific notices), require member contracts to look a certain way (such as format and font size), and require members be granted certain termination rights. Some state regulations may also require you to: (1) obtain a bond to protect prepaid membership fees you collect; (2) staff the wellness center during all hours of operation; (3) staff the wellness center with one or more persons who are CPR-certified or who have other specialized training; (4) maintain an automated external defibrillator (AED) and other first aid items and equipment at the wellness center; and (5) charge sales tax on memberships.

At your cost and expense, you must investigate and ensure that you comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements. You are not permitted to collect, store, transfer, etc., any unnecessary customer information. Additional information can be found at https://www.pcisecuritystandards.org/.

The details of state, county and local laws and regulations vary from place to place. It is your responsibility to research these matters. Please be aware that the changes in these laws may increase the cost to operate your business. You are solely responsible to determine what local or state regulations, permits and licenses you will need to comply with and/or obtain to conduct the franchise business in a particular state, city, or town.

The Franchise Agreement does not make you our agent, legal representative, joint venturer, partner, employee, or servant for any purpose. You will be an independent contractor and will not be authorized to make any contract, agreement, warranty or representation or to create any obligation, express or implied, for us. You are exclusively responsible to monitor the scheduling, performance, efficiency, and efficacy of your employees and independent contractors and to make adjustments to improve the results of their efforts.

This Franchise Disclosure Document contains a summary of some material provisions of the franchise agreement between you and us (the “Franchise Agreement”). However, the Franchise Agreement itself expresses and governs the actual legal relationship between you and us. We are willing to negotiate the terms of the Franchise Agreement with our existing franchisees, existing business locations, our employees and multiple franchise purchasers. The terms of the franchise agreements between us and our other franchisees may vary significantly from the terms of your Franchise Agreement.

2.
BUSINESS EXPERIENCE

David Kostroub, Chief Executive Officer and Managing Member

David Kostroub has been our Chief Executive Officer and a managing member since our inception on July 24, 2024 in Renton, Washington. He has served as CEO of our affiliate, Arctic Elevation LLC, since June 29, 2023 in Renton, Washington. He served as Chief Development Officer of our affiliate, Arctic Elevation LLC, from December 2022 through June 2023, also in Renton, Washington. From July 2017 through September 2021, David was an Executive Assistant at Fine Designs in Renton, Washington.

Victor Kostroub, Executive Assistant

Victor Kostroub has been our Executive Assistant since our formation on July 24, 2024, in Renton, Washington. From June 29, 2023 until July 24, 2024, he was Executive Assistant of our affiliate, Arctic Elevation LLC in Renton, Washington. From 1994 to date, Victor has owned and operated Fine Designs, Inc. in Renton, Washington.

3.
LITIGATION

No litigation is required to be disclosed in this Item.

4.
BANKRUPTCY

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

5.
INITIAL FEE

The Area Representative Fee is determined by multiplying the population of your Area by **$0.05** per person. Typically, this ranges from 2 million to 13 million persons for a total Area Representative Fee of $100,000 to $650,000. It is paid in a lump-sum at the time you sign the Area Representative Franchise Agreement. Except as otherwise provided in this Item, the Area Representative Fee is imposed uniformly on all area representative franchisees.

In addition, you must sign a Unit Franchise Agreement to open and operate one Unit Franchise in your Area. The Initial Franchise Fee for that franchise is included in the Area Representative Fee. The amount of the Initial Franchise Fee for each additional unit franchise you purchase is one-third of the then-current initial franchise fee described in our separate Unit Franchise FDD.

The Area Representative Fee and Initial Franchise Fee for your first Unit Franchise are payable in a lump sum when you sign the Area Representative Agreement and Unit Franchise Agreement, unless a relevant state addendum specifies a different procedure.

You must complete a mandatory training program to our exclusive satisfaction or we may terminate the Franchise Agreement. You are encouraged to begin training before incurring any costs or expenses related to the planned opening of the Franchise. We will not be liable for any costs or expenses you incur if we terminate the Area Representative Agreement because you fail to satisfactorily complete the mandatory training course.

You must complete all mandatory training to our satisfaction, and open your Area Representative franchise within **365** days after the date of the Area Representative Agreement. If these obligations are not fulfilled, we may elect to terminate the Agreement. These time requirements may be extended for multiple franchise purchases.

We will not refund the Area Representative Fee unless we determine that you have not successfully completed the initial pre-opening training, but through no fault of your own, in which case we will refund up to one-half of the Initial Fee, but not more than the amount of the Initial Fee minus our actual reasonable costs of training you and of assisting you in commencing your franchise operations, if applicable. We will determine whether you have successfully completed the initial training based on knowledge test results and our observations of your ability to use the knowledge effectively.

Area Representative Fee is not refundable in whole or in part under any circumstances other than those listed above.

There are no other fees or payments made to us for goods or services prior to the opening of your Franchise.

The initial fees are uniform except as described in this Item 5. Occasionally, we may grant new franchises to our affiliates and to our owners and employees and their family members with reduced or no initial fees.

6.
OTHER FEES

Type of Fee	Amount	Due Date	Remarks*
You Receive Commissions Paid and Earned on Initial and Transfer Fees[1]	50% of initial and transfer fees collected from franchisees in Area Representative Territory	Payable to you 15 days after we collect the fee	
You Receive Commissions Paid	50% of royalties received from each Unit	Payable to you on or before the 15th	

Type of Fee	Amount	Due Date	Remarks*
and Earned on Royalty Fees[1]	Franchisee in Development Territory	day of each month for Royalty Fees we collect during the preceding month	
Royalty fee for Unit Franchise you own and operate	50% of our then-current standard Royalty Fee at the time you sign the unit Franchise Agreement	Per Unit Franchise Agreement	"Gross Revenue" will be defined in the unit Franchise Agreement you sign.
Local Advertising Payments	You must spend a minimum of $3,000 per quarter. Negotiated if placed jointly by you and us	Upon placement	
Late Payment Fee	$75.00 to $250.00.	On delivery of notice.	The fee for late payment is $250.00, but for the first two late payments for any reason during any calendar year, the late fee will be $75.00 if you pay the late amount plus the late fee promptly upon delivery of notice.
Extraordinary Onsite Operations Assistance	$750.00 per person per day plus travel- related costs, if applicable. .	At the time for payment of Royalties for the period we provide service.	You may ask us to provide you with extraordinary operations assistance. We are not obliged to provide such assistance, but some of the circumstances in which we would consider it include the unanticipated loss of your Designated Manager or the owner's death or disability.
Audit [3]	Actual cost of audit, plus amount of any underpayment with interest.	Immediately upon billing	You must pay any fees or other amounts due that are confirmed by the audit together with interest on unpaid amounts.
Late Payment Interest	1.5% per month or the maximum interest rate allowed by law (whichever is less) from the due date to the date of payment.	Immediately upon making the late payment.	
Supplies and Advertising	Our cost plus put to 35% as outlined in the Wellness Center Rules. You are obliged to obtain these but you select the amount and timing.	Payable as outlined in the Wellness Center Rules.	In the amounts you order from us.
Area Representative	To be determined by a majority of members of the cooperative.	Determined by us established by	If at any meeting of the Area Representative franchisees in an advertising region, **65**

Type of Fee	Amount	Due Date	Remarks*
Advertising Cooperative Fund	Maximum without unanimous consent is 2% of Gross Revenues.	members of the cooperative. Generally, payable weekly as outlined in the Wellness Center Rules.	percent of the franchises vote to contribute to a regional advertising program, all franchises within that region will be obliged to contribute to a regional advertising fund in the amount established by the vote. See Item 11 for more information. We may collect fees imposed by a marketing cooperative and failure to pay them would be a material breach of the Area Representative Agreement. This may be through automatic debit processes as outlined in the Wellness Center Rules. You receive credit against your local marketing obligation for money actually paid to a local marketing cooperative.
Additional Training[2]	$750 per person per day plus costs and expenses.	Payable before training.	In addition to the cost of the training, you are also responsible for all costs and expenses of travel, lodging, meals and entertainment. Most of these expenses are paid to third parties.
Conventions	Not more than $10,000.	The fee to attend a convention is due prior to the start of the convention.	The fee to attend a convention varies from convention to convention and we set the fee at the time of the applicable convention. In addition to the cost of the convention (if any), you are also responsible for all costs and expenses of travel, lodging, meals and entertainment. Most of these expenses are paid to third parties. For any annual convention that you do not attend, we may elect to deliver to you and you will pay us for video or any other deliverable electronic form of recordings of the activities of convention. The price for the recordings for each convention will be established by us from time to time but will not be less than $500.
Additional Assistance	Provided at our discretion at our then-	At your discretion based on the	We are not required to offer you any additional aid or assistance

Type of Fee	Amount	Due Date	Remarks*
	current rates (not to exceed $750 per day). You are also responsible for the costs of travel, lodging and meals.	availability of our trainers.	related to training. However, if you so request and we agree to provide it, you will pay for that aid or assistance.
Renewal Fee	There is no Fee to renew your franchise, however you must reimburse us for our out of pocket costs related to the renewal and pay for any updated training we require you or your employees to take.	Prior to renewal	Payable to us
Transfer Fee	$15,000 (add 10% commission on the gross sale price if we find the franchise buyer for you)	At the time the transferee signs the Area Representative Agreement.	Payable to us. There is no transfer fee to change the form of ownership of an entity. This fee will reimburse us for our legal, accounting, credit check, and investigation expenses that result from the transfer.
Step-In Right Costs	Out-of-pocket expenses and costs we incur, plus 25% to cover our overhead costs	As Incurred	You must reimburse us for our out-of-pocket expenses and costs we incur if we elect to step-in to operate your franchise pursuant to Area Representative Agreement.
Product Testing Costs	Out-of-pocket expenses and costs we incur	As incurred	You must reimburse us for our out-of-pocket expenses and costs we incur to test new products or sources you request for approval (See Item 8 and Area Representative Agreement Section 6.1).
Insurance Reimbursement Fee	Actual amount of insurance obtained on your behalf, with interest, plus our costs incurred	As Incurred	If you fail to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums thereof, we may, at our option, obtain such insurance coverage on your behalf and you must pay us on demand any costs and premiums we incur plus interest (at the lesser of 18% per annum or the highest amount permitted under applicable law).
Indemnification	Amount of all damages, liabilities, fines, losses, costs, and expenses we incur because of your breach of the Area Representative Agreement, including legal fees and costs.	Upon demand.	Applies only if you are in default, including by causing or allowing a claim or demand to be made against us.
Attorney’s Fees and Costs	Amount of our attorneys’ fees.	Upon demand.	This applies only if you or we are the substantially prevailing

Type of Fee	Amount	Due Date	Remarks*
			party in a dispute resolution proceeding in which we are entitled to recover attorney's fees and costs.
Profits on Supplies or Equipment	Our cost plus up to 35%	When you purchase items from us or our affiliate(s)	Some items (for example, those bearing the Arctic Marks) may be available only from us or an affiliate. We or the affiliate would expect to realize a profit on any such sales. You may elect to purchase other items from or through us or an affiliate, in which case we or our affiliate will generally realize a profit on the sale.

* The above table shows all other applicable fees, including all recurring and isolated fees, at their current rates. Except where otherwise specified, we or our affiliates impose all the fees in this table, you pay them to us or our affiliates, and we (or our affiliates) do not refund them. These fees are uniform to all franchisees.

(1) "Commission" means all sums we pay to you as an Area Representative as specified in the Area Representative Agreement. You will receive commissions only on initial franchise fees, transfer fees and royalty fees earned and collected by us. All payments from Unit Franchisees are first sent to us. Commissions are not paid for any other fees. You will not be entitled to a commission on your own franchises sold/acquired. You will not receive any commission on interest income earned by us on uncollected fees or interest on promissory notes from Unit Franchisees.

Commission will be payable upon our receipt of the relevant franchise fee in full. For multiple franchise purchases you will receive as the applicable commission for each unit Franchise of any multiple franchise fee deposits applicable to that purchase. We will make the commission payments to you once the relevant initial franchise fee payment or multiple franchise deposit is unrestricted by bank clearing or collection requirements or any franchise escrow or impound restrictions imposed by state franchise regulatory authority.

All franchise sales, site selection, negotiation and service work you perform will be done solely as consideration for earned commissions.

The parties acknowledge that our Unit Franchise agreement forms may require us to return some or all an initial franchise fee, transfer fee, or royalty fee to a franchisee under certain circumstances. For these reasons, the parties agree that no portion of a commission will be fully earned by you until the initial franchise fee or royalty fee has been fully earned by us. To the extent that we are contractually, statutorily, or administratively obliged to return some or all an initial franchise fee, transfer fee, or a royalty to a Unit Franchisee, your commission will be reduced and returned to us in the same ratio as the portion of the initial franchise fee, transfer fee, or royalty fee returned to the franchisee bears to the fee retained by us. In the event we elect to return some or all a fee, we will give you notice in writing of the reasons for the return. You will refund the relevant commission paid within 10 days of notice or it will be deducted from the next payment due to you. If a Unit Franchise agreement is not renewed, expires or is terminated for cause, you will receive only the commission earned and accrued through the date of expiration or termination.

You will furnish to us, as outlined in the Wellness Center Rules, an itemized report of your business activities. The report must be in the form and cover the time frames we designate.

As used in this Franchise Disclosure Document and the Area Representative Agreement, a week and a month are standard calendar weeks and months used for accounting purposes.

(2) If you request or need training at a time when no regular training session is scheduled, you will pay our usual fees. We estimate they would not exceed $750 per full day of training.

We may require you and your manager to complete subsequent training programs. If your trainee(s) take advantage of our scheduled training programs at our headquarters or other designated training center, on a space available basis, or by webinar or other available remote means if offered, we will not charge for the training. If you request or need training at another time or place, then you must pay our usual fees. We estimate they would not exceed $500 per full day of training. You are solely responsible for any salaries, compensation, benefits and living and travel expenses of all trainees. Currently, our subsequent training is virtual and we are not charging this fee.

We may require you, your manager, and your employees to complete training at your location using materials and equipment that we supply. You must pay our usual fees for such training materials and may be required to obtain any necessary equipment. Currently, all materials are virtual, and we are not charging a fee. If we charge a fee, it will be at our cost, including a amount of our internal costs involved in producing and delivering the materials.

(3) You must periodically submit to us your sales reports, quarterly and annual financial statements, and tax returns. We may audit your books, business records, sales reports, financial statements, and tax returns at any time. The audits will be conducted at our expense, unless you understate by more than **2** percent the Gross Revenue for any reported period or periods or if your records are unorganized or unavailable. Your failure to report Gross Revenue for any period will be deemed a willful understatement by more than **2** percent or your records are unorganized or unavailable. In the event of a willful understatement, you must reimburse us for audit costs including the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit.

You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements. We have the right to require you to establish a bank sweep, draft or other similar type of electronic funds transfer ("EFT") account in which you must deposit the gross sales of your outlet (not including local sales & use taxes) which account we may automatically access for any payment due us. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account. You cannot close or terminate any EFT account without receiving our prior written consent. If you fail to timely report gross sales, we may sweep an estimated amount of fees due to us. You will be responsible for paying us any amount owing if we underestimate your payment to us, and we will credit you with any overage that we charge. We also have the right to direct the merchant provider to withhold all payments due to us from your account/transactions.

All fees are imposed, collected, and payable to us, unless otherwise expressly provided above. They are uniformly imposed on all franchisees. None are refundable. Franchisor-owned outlets do not have controlling voting power over any fees imposed by cooperatives.

7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Low amount	High amount	Method of payment	When due	To whom payment is to be made
Area Representative Fee[1]	$100,000	$650,000	Cash	Upon signing Area Representative Agreement	Us
Computer and Security Equipment and Software[2]	$1,000	$5,000	As incurred	As incurred	Vendors
Training Expenses – including travel and living during training[3]	$0	$5,000	As incurred	As incurred	Providers of transportation, meals and lodging
Insurance	$1,000	$2,500	As Incurred	As Incurred	Insurance providers
Initial Marketing and Advertising[4]	$6,000	$20,000	As incurred	As Incurred	Suppliers You must spend a minimum of $3,000 per quarter.
Supplies and Materials	$2,000	$5,000	As Incurred	As Incurred - including initial and monthly, quarterly, or annual premiums as you elect	Suppliers
State and Local Franchise, Tax, and Business Filings[5]	$250	$5,000	As Incurred	As Incurred – including initial and annual filings	Government Authorities and Professional Advisors
Office Expenses[6]	$0	$15,000	As Incurred	As Incurred	Landlord and Suppliers
Legal & Accounting Fees[7]	$1,000	$5,000	As Incurred	As Incurred	Your Lawyer & Accountant
Additional Funds - 12 months[8]	$30,000	$50,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, Taxing Agencies, etc.
Total[9]	**$177,250**	**$762,500**			

Notes Regarding Initial Investment:

[1]Area Representative Fee. The Area Representative Fee is determined by multiplying the population of your Area by **$0.05** per person. Typically, this ranges from 2 million to 13 million people for a total Area Representative Fee of $100,000 to $650,000.

[2]Computer Equipment and Software. Computer hardware and software is required as outlined in the Wellness Center Rules or as we may otherwise specify in writing. The low end of the estimate assumes you already have certain computer hardware and software that meets our criteria. You must have or purchase the following items and services: up-to-date computer, modem, printer, scanner, high speed internet, e-mail address, telephone, and faxing capability, all consistent with minimum requirements and standards that may be outlined in the Wellness Center Rules or otherwise in writing.

[3]Initial Training. The initial training is included in the Area Representative Fee for one person, but you must pay for the travel and living expenses of the person attending training. The actual cost may vary from the estimate due to distances, methods of transportation and personal preferences. For example, you will not incur travel and living expenses if you live where the training is conducted.

[4]Initial Marketing and Advertising. You must conduct marketing and advertising and social media promotions consistent with our requirements and specifications outlined in your Area Representative Agreement or otherwise in writing. Market conditions vary widely, both in terms of competition, familiarity with our franchise system and in terms of media availability and costs.

[5]State and Local Filings. You must pay all taxes required by local and state laws related to or in connection with the operation of your franchise. You must obtain all permits, certificates or licenses necessary for the full and proper conduct of the franchise.

[6]Office Expenses. You may use a home office, an office at your Unit Franchise premises, or other owned or leased premises. You must purchase office equipment and supplies consistent with the operational needs of your Area Representative franchise and as may be required by us in writing.

If you operate from a commercial office space, you must equip and improve the office in compliance with our standards and specifications. We may require you to purchase fixtures, furnishings, equipment, supplies, décor, and signs that meets our specifications or from our designated or approved suppliers.

[7]Legal & Accounting Fees. We recommend that you engage an attorney to assist and advise you in setting up your business organization and reviewing franchise-related contracts and documents and all applicable medical and health care laws and regulations. You should check with your attorney or with several knowledgeable attorneys to determine the actual range of fees before signing the Franchise Agreement.

This estimate does not include any ongoing needs for legal services in connection with relationships with clients or suppliers.

You should also consult your accountant for an estimate of relevant accounting fees.

[8]Additional Funds–12 months. We estimate that the initial phase covered by the additional funds to be approximately 12 months. You should have an adequate reserve of working capital before beginning operations to help meet the ordinary expenses of selling and servicing franchises for approximately 12 months, including salaries (we assume you personally or a sole employee will handle the selling and servicing of franchises for the first 12 months). You will incur the costs of providing administrative, marketing, and training services You may need to procure business licenses and franchise registrations.

You are exclusively responsible to establish and follow the salary structure for your staff and employees, your variable costs, and other commitments made by you. Additional funds will be required to finance operations until a positive cash flow is produced. We have relied on our experience and the ongoing reports and communications we receive from our wellness centers and franchisees in preparing these estimates.

You are required to have an automobile or other public or private transportation. This estimates your range of costs to lease or finance an automobile only for the first 12 months of operation.

[9]Cost of Opening Your Own Unit Franchise(s). This total does not include the cost of opening your own unit franchise(s).

We do not provide any direct or indirect financing.

We will not refund any of the payments you make except a portion of the Area Representative Fee as described in Item 5 above. Fees paid to any third party may be refundable depending upon the contracts.

We do not offer direct or indirect financing for any part of your initial investment. These estimates do not include any finance charges, interest, or debt service payments.

8.
RESTRICTIONS ON SOURCES OF PRODUCTS & SERVICES

We will lend to you a copy of our Arctic Wellness Center Rules (the “Wellness Center Rules”) at the initial training session. We may amend the Wellness Center Rules, including changes, which may affect minimum requirements for your franchise operations. You will strictly adhere to the requirements of the Wellness Center Rules as we amend it. We reasonably may designate minimum standards for your business operations and designate guidelines, as specified in the Wellness Center Rules. These minimum standards and guidelines do not involve influencing decisions related to diagnosis or treatment of patients.

To ensure that the highest degree of quality and service is maintained, you must operate your Area Representative franchise in strict conformity with the methods, standards and specifications as we may prescribe in the Wellness Center Rules or otherwise in writing. You must not deviate from our methods, standards and specifications without our prior written consent. We may revise the contents of the Wellness Center Rules, and you must comply with each new or changed standard and specification. You must always ensure that your copy of the Wellness Center Rules is kept current and up to date.

The Wellness Center Rules contains the Arctic System specifications, standards, operating procedures, accounting and bookkeeping methods, basic marketing, advertising guidelines, operation requirements, public relations guidelines, service guidelines and other rules that we prescribe. Our standards and guidelines do not relate to diagnosis or treatment of patients. You must purchase products and equipment from us and suppliers approved by us and you must offer and sell programs and services that we approve.

The corporate practice of medicine doctrine restricts unlicensed franchisees from determining the medical equipment and supplies to be used in the operation of the franchised business.

You must purchase all advertising materials from us or our approved suppliers to assure uniformity and quality of the advertising. Any equipment, products, inventory, or other items that bear the Arctic or Arctic logos or have the words “Arctic” or “Arctic” in them must be bought from us or an approved supplier.

You must purchase all products, devices, equipment, inventory, and all other items used in your franchised business from us or from suppliers we have approved to assure the quality and uniformity of services in the Arctic franchise system.

None of our officers owns interests in any suppliers you will do business with.

All specifications that we require of you and lists of approved suppliers will be included and updated in the Wellness Center Rules. We will upon request provide them to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of our franchise system.

We and our affiliate are currently the only approved suppliers for advertising materials and equipment, products, inventory, and any other items that bear the Arctic Marks. Our officer David Kostroub has an ownership interest in our affiliate.

Products purchased directly from us or our affiliate may carry a manufacturer’s warranty. You must look directly to the manufacturer to replace defective products. For items purchased through third parties, you must work directly with your supplier or manufacturer of such items regarding warranties, defective products, training and support.

You must have or purchase the following items and services: up-to-date computer hardware and software, modem, printer, scanner, high speed internet, e-mail address, telephone, and faxing capability, all consistent with minimum requirements and standards that may be outlined in the Wellness Center Rules or otherwise in writing

With advance written notice, you may request our approval to obtain products, equipment, supplies, and materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples and other data to allow us to determine whether the items from these other sources meet our specifications and standards. These specifications and standards will relate to quality, durability, value, cleanliness, composition, strength and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. Our confidential requirements, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of receiving written notice from you of your request for approval. If we do not respond then the request will be deemed to have not been approved.

We or our agents may inspect any approved manufacturer, supplier or distributor facilities and products to assure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

We and our affiliates may derive revenue from providing products to you. This revenue results from sales to our franchisees of products; including products that in the future may bear our names and services marks. In our fiscal year ending July 31, 2025, we and our affiliate received revenues in the amount of **$0** from the sale of such products to our franchisees, which was approximately **0%** of our and our affiliate's total revenues. We estimate that approximately 0 to 3 percent of our affiliate's total revenues will be from products and equipment purchased from us or our affiliate by our licensees.

We estimate that purchases from us, our affiliate, or approved suppliers will be from 0 to 10 percent of the total purchases you make to establish your franchise. We estimate that purchases from us, our affiliate, approved suppliers will be from 70 to 80 percent of the total purchases you make to operate your franchise, paid to us or our affiliate and to approved or suggested suppliers.

We and our affiliate currently do not, but may in the future receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. These rebates could be based on franchisee purchases and as a percentage of the purchase price. Our current suppliers currently are CryoBuilt, Prism Light Pod, and Sunlighten Saunas for specific items and products and we have an approved list that consists of specific products and brand names.

There are no other obligations for you to purchase or lease according to specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers or approved suppliers for goods, services, or real estate related to your franchise business. Except as explained above, we will not derive revenue from your purchases or leases.

We currently provide material benefits to franchisees based on use of designated or approved sources including the right to renew your franchise rights and to obtain additional franchises.

We do not now have but may in the future to create formal purchasing and distribution cooperatives related to our franchise system. Through these cooperatives, our franchisees could receive discounts on products and equipment. In the future, we hope to create and augment the effectiveness of cooperatives for the purchase of materials and the provision of advertising, for the benefit of the Arctic franchise system.

You may not sell any products, devices, services or activities other than those specifically recognized and approved by us as part of our franchise system without our prior written approval.

You are required to obtain and keep in force by advance payment of premium appropriate liability insurance. This includes the following:

A. Comprehensive general liability insurance, including professional liability (mal-practice) and products liability, completed operations, property damage, contractual liability, independent contractor's liability, owned and non-owned and hired automobile coverage, abuse & molestation, personal injury coverage, including umbrella coverage.

B. Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.

C. Business interruption and lost profit insurance.

D. Employer Practice liability insurance.

E. Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, for death, personal injury and property damage.

F. Cyber Security insurance.

The insurance will not be limited in any way because of any insurance we maintain. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and, unless prohibited by applicable law, punitive damages assessed against you.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death, or property damage that may accrue due to your operation of the Franchise. Except for your employer related insurance, your policies of insurance will contain a separate endorsement naming us as an additional named insured.

9.
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection & acquisition/lease	Section 4.4	Item 12
b. Pre-opening purchase/leases	Section 1.4	Items 8 and 11
c. Site development and other pre-opening requirements	Section 4.4	Items 8, 11 & 12
d. Initial and ongoing training	Section 3	Items 5 & 11
e. Opening	Section 4	Items 11 & 12
f. Fees	Sections 2, 3.2, 4.4, 7.1, 9.2, 11.5 & 12.1; Personal Guaranty	Items 5, 6, 7 & 17
	Sections 4, 5.5, 6, 10 & 12.2	Item 11

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
g. Compliance with standards and policies/Operations Wellness Center Rules		
h. Trademarks and proprietary information	Sections 5, 8.2, 8.3 & 10	Items 13 & 14
i. Restrictions on products/services offered	Section 6	Items 8 & 16
j. Warranty and customer service requirements	None	Not Applicable
k. Territorial development and sales quotas	1.2, 7.1 & 8.2; Area Representative Agreement Attachments A & B	Item 12
l. Ongoing product/service purchases	1.4, 6.2 & 12.2	Items 6, 7 & 11
m. Maintenance, appearance & remodeling requirements	None	Not Applicable
n. Insurance	Section 12.2	Items 7 & 8
o. Advertising	Section 6	Items 6, 7, 8 & 11
p. Indemnification	Sections 5.2, 8.3, 8.5 & 12.1	Item 6
q. Owner's participation/ management/staffing	Sections 1.1, 3.2, 3.3, 7.1, 8.2, 10.2.4, 12.19.6 & 12.19.7	Item 15
r. Records/reports	Sections 2.3, 6, 8.2, 12.2, 12.18.2, 12.18.3	Items 7 & 8
s. Inspection/audits	Sections 2.3, 2.6 & 6	Items 6, 11 & 13
t. Transfer	Section 9	Item 17
u. Renewal	Section 7; Personal Guaranty	Item 17
v. Post-termination obligations	Sections 8.3, 8.4, 8.5 & 10; Personal Guaranty	Item 17
w. Non-competition covenants	Section 10.1	Item 17
x. Dispute resolution	Section 11; Personal Guaranty	Item 17

10.
FINANCING

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

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

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

Pre-Opening Obligations

Before you open your Franchise, we will:

1. Designate your Area Representative Territory. (Area Representative Agreement, Section 1.1)
2. Designate your Development Schedule. (Area Representative Agreement, Section 1.2).
3. We will provide the initial training program for Area Representative Businesses for up to ten attendees. Additional persons may attend initial Area Representative training for no additional fee if space is available in an already scheduled training session. You must pay for all travel, entertainment, salaries, and benefits expenses of your staff. (Area Representative Agreement, Section 3.1)
4. Loan to you for your sole use during the term of the Area Representative Agreement one copy of our Wellness Center Rules, which may consist of one or more handbooks or manuals as may be periodically added to, replaced or supplemented by us. (Area Representative Agreement, Section 4.1)
5. Assist you in complying with state and local franchise and business operations laws and regulations to enable you to operate your franchised business. (Area Representative Agreement, Section 4.1)
6. Permit you to use the Arctic Marks and our Arctic System pursuant to the Area Representative Agreement. (Area Representative Agreement, Section 1.1)
7. Prepare and/or register any disclosure documents or other documentation that must be prepared, amended, or registered for you to fulfill your responsibilities to solicit, recruit, and screen prospective Franchisees. Federal and state franchise or business opportunity laws govern the sale and offering of Unit Franchises, and may require the preparation, amendment, registration, or registration of all certain documentation and disclosures relating to the Unit Franchises offered in your Territory (the "Documentation") before you can solicit prospective Franchisees. While we will prepare and register all Documentation necessary for you to begin soliciting prospective Franchisees, you must provide us with any documentation or information we may need to prepare or register the Documentation, and will be responsible for all costs applicable to you. You must review and become fully familiar with all Documentation related to franchises sold in your Territory. Before soliciting a prospective Franchisee, you must take reasonable steps to confirm that

the information contained in the Documentation or other materials related to the offer or sale of Unit Franchises is true, correct, and not misleading, or in violation of applicable state law related to registration of the Documentation. (Area Representative Agreement, Section 4.1)

Prior to opening you are responsible for complying with all local ordinances and building permits and obtaining any required permits. You are responsible for hiring and training your employees, except that we will provide initial training for you and your initial manager. And, you must obtain and install the required equipment, signs, fixtures and supplies from approved suppliers.

Time to Open

The typical length of time between when you sign your Area Representative Agreement and pay the Area Representative Fee and the time when your Area Representative Franchise opens will generally be six months. The factors affecting this length of time include the time necessary for you to: obtain a premises and equipment; obtain any necessary financing; attend and satisfactorily complete initial training; comply with federal, state and local statutes or ordinances; submit and successfully obtain relevant state franchise registrations or exemptions; hire and train any necessary employees; obtain and install all necessary signs, equipment, inventory and supplies; business permit and license requirements; and your personal operational needs. There may be circumstances in which, because of delays, construction schedules, weather conditions, shortages, and other events beyond our control, it takes longer than one year. Because there is always uncertainty about if and when you will locate and develop acceptable franchise p remises, how long it will take to open your Franchise, and whether you will successfully complete training, you should not terminate employment or cease other income-producing activity until after these events have occurred.

You are expected to complete the mandatory training and commence your franchise business operations within **365** days after you sign the franchise agreement. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages, pandemics, or other events beyond your reasonable control will be excused for a time that is reasonable under the circum-stances. If this start of operation obligation is not fulfilled, we may terminate the Area Representative Agreement.

Obligations After Opening and During the Operation of Your Franchise

During the operation of your Franchise business, we will:

1. Approve or disapprove applications for franchisees referred by you. (Area Representative Agreement, Section 6.1)
2. Upon your reasonable request, we will counsel and assist you with respect to the management and operations of Unit Franchises. (Area Representative Agreement, Section 4.3)
3. We may provide conventions and refresher training programs or seminars. (Area Representative Agreement, Section 3.3)
4. Administer our advertising program and formulate and conduct national and regional and local promotion programs and review and approve or disapprove all promotional material and advertising to be used by you in the operation of your franchise. Review and approve or disapprove your advertising, marketing, promotional, and website materials
5. At your option and upon not less than thirty-five days' prior written notice to us, give you additional training at our training center or at other agreed upon locations. All expenses of this training will be borne by you, including but not limited to your

travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then current rates. This additional training consists of visits to our franchises, work experience and observation of franchise operations. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. (Area Representative Agreement, Section 3.2)

6. Provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, you or the designated managers of your Franchise will be required to attend up to 40 hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees at your franchise location. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Wellness Center Rules in the future. We may charge a reasonable Training Fee for these additional training sessions. (Area Representative Agreement, Section 3.3)
7. Provide ongoing assistance, by telephone, email, Internet, videotape, CD, DVD or any other means appropriate for your employee training on how to use Arctic systems and processes; patient records; program development; advertising; operational assistance; and use of the Wellness Center Rules and the Arctic System. We will bear our expenses for this assistance. (Area Representative Agreement, Section 4.3)
8. Inspect your franchise and conduct activities to assure compliance with the terms of the Area Representative Agreement and Wellness Center Rules to assure consistent quality and service throughout our franchise system. (Area Representative Agreement, Section 6). We will make periodic inspections of your franchise business, which may be done in person or through remote access such as video or live video conferencing and may be performed through a third-party provider. Upon our request, at all reasonable times, you will provide us with video and digital images of the interior and exterior of your franchise business as set forth in the Wellness Center Rules. (Area Representative Agreement, Section 4.1)
9. Periodically attempt to develop new products and programs and provide ongoing supervision for the Arctic System. (Area Representative Agreement, Section 4.1)
10. Use commercially reasonable and medically authorized efforts to enforce the Wellness Center Rules throughout the Arctic System's network of franchisee and independent wellness centers and to defend the Arctic Marks. (Area Representative Agreement, Section 4.1)
11. Periodically update the Wellness Center Rules and will specify changes and improvements in our computer and communications technology. (Area Representative Agreement, Section 4.1)
12. Regularly review unit-level financials to help identify areas of improvement and/or cost savings. We will be in regular contact with you to discuss your operation of the Franchise and to generally be of assistance. We plan to provide additional ongoing training for you and your manager(s) and employees at our usual charges. (Area Representative Agreement, Section 4.1)
13. Approve or disapprove prospective Unit Franchisees (the "Prospective Franchisees") recommended by you, and their proposed site locations. You must advertise for, solicit, recruit, and screen Prospective Franchisees to purchase Unit Franchises in your Territory. You must investigate each Prospective Franchisee

and its proposed Unit Franchise site to determine if they meet our standards and policies. After ensuring that a Prospective Franchisee meets our standards, you may recommend to us the approval of the Prospective Franchisee. You must provide us with all information that we may request to evaluate your recommendation. We may approve or reject a Prospective Franchisee for any reason. If we disapprove any Prospective Franchisee, we will notify you in writing of our reasons for the disapproval. If we approve the Prospective Franchisee, you must provide the Prospective Franchisee with a copy of our then-current Franchise Agreement for the Prospective Franchisee to sign. As an Area Representative, you must sell Unit Franchises only at the price we set, and may not change any of the fees we set for Unit Franchisees in your Territory. (Area Representative Agreement, Section 6.1)

14. We will assist our franchise system in establishing prices, such as setting minimum and/or maximum prices at which products and services must be sold. (Area Representative Agreement, Section 4.1)
15. We will pay you compensation for successfully recruiting and servicing Unit Franchisees, (Area Representative Agreement, Sections 2.2 and 2.3)

Wellness Center Rules

The Wellness Center Rules are confidential and remain our property. They contain mandatory and suggested specifications, standards and procedures. We may modify the Wellness Center Rules, but the modifications will not alter your basic status and rights under the Area Representative Agreement and will not impact your ability to treat your patients as required by state and federal laws and regulations. The revisions may include advancements and developments in supplies, products, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. The Table of Contents of the Wellness Center Rules is attached as Exhibit I. It indicates the number of pages devoted to each subject and the total number of pages of the current version of the Wellness Center Rules. As of the issue date of this Disclosure Document, our Wellness Center Rules consists of approximately **348** pages. In addition, the Wellness Center Rules have an addendum for Area Representatives. It consists of **93** pages. The Table of Contents of this Addendum is also attached in Exhibit I.

Neither the Wellness center Operations nor Daily Operating Procedures in the Wellness Center Rules contain any requirement by us that influences a health care provider’s independent diagnosis and treatment of patients.

Initial Training

Our initial training program is available to up to ten attendees, including an Area Representative’s owners. Additional persons may attend initial Area Representative training if space is available in an already scheduled training session. Before opening for business, the Area Representative owners and any others that will be directly involved in the operation of the Area Representative business must attend and complete the initial training program to our satisfaction. We provide this initial training free of charge to any attendees; however, you must pay the wages, food, lodging and travel expenses for all your attendees. The initial training program will last for approximately three days, and will be conducted by us or our designee at our corporate offices at 1133 Lake Washington Blvd N, Ste. 80, Renton, WA 98056, or another location we designate.

The initial training program is held on an as needed basis. We reserve the right to delay this training if all the pre-training requirements, as set forth in the Wellness Center Rules, are not met.

Our trainers use the Wellness Center Rules for instructional material. The training will consist of:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome and Introduction. Area Representative Responsibilities	3	1	Renton, WA or other agreed-upon location
Developing a Compliance System	1	1	Renton, WA or other agreed-upon location
Franchise Marketing	4	2	Renton, WA or other agreed-upon location
Lead Generation	4	2	Renton, WA or other agreed-upon location
Interview Process	1	1	Renton, WA or other agreed-upon location
Explaining the FDD to a Franchise Prospect	4	1	Renton, WA or other agreed-upon location
Business Brokers	2.5	2	Renton, WA or other agreed-upon location
Four-Step Development Process	5	2	Renton, WA or other agreed-upon location
Real Estate Selection Process	3.5	1	Renton, WA or other agreed-upon location
Sales Techniques, Building Relationships, Rapport	5	1	Renton, WA or other agreed-upon location
Local Marketing Coordination	3	3	Renton, WA or other agreed-upon location
Building and Maintaining a Strong Region	5	2	Renton, WA or other agreed-upon location
Opening and Operating your Area Representative Office	2.5	2.5	Renton, WA or other agreed-upon location
Review and Questions	2.5	2.5	Renton, WA or other agreed-upon location
TOTAL	**46 Hours**	**26 Hours**	

* The Training Schedule may be amended and we may adjust them based upon your experience and rate of learning. Some or all the classroom training may take place online or by telephone at our discretion.

Currently, our training supervisor is David Kostroub. Mr. Kostroub has been our Chief Executive Officer and a managing member since our inception on July 24, 2024. He has served as CEO of our affiliate, Arctic Elevation LLC, since June 29, 2023. He served as Chief Development Officer of our affiliate, Arctic Elevation LLC, from December 2022 through June 2023. We typically use Arctic franchisees and other members of the Arctic corporate staff to provide training instruction for areas over which they are responsible.

Training is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and the franchisor's training personnel's availability.

Our training center is currently located at 1133 Lake Washington Blvd N, Ste. 80, Renton, Washington 98056.

The instructional materials will include the Wellness Center Rules and may include various software programs, the documents used in the operation of the business, and other materials, including PowerPoint slides, spreadsheets, and handouts. In addition, we may use lectures, discussions, presentations, videos, demonstrations, and quizzes. Most of the training subjects are integrated throughout the approximately six-day training program (comprised approximately 46 hours of classroom training and 26 hours on-the-job training) and may be offered via online training. We plan to be flexible in scheduling training.

You and your manager(s) and employees must successfully complete the initial training program before opening your Franchise. We will coordinate with you so that you can schedule training in time to complete it before your Franchise opens. We will decide whether trainees successfully complete the initial training program based on knowledge test results and our observations of trainees' ability to use the knowledge effectively. We will permit your employees to participate in training programs if we have space available and if you pay applicable fees. If you desire to have more than two individuals receive initial training, these additional individuals will be accommodated at our convenience. We reserve the right to charge a reasonable fee for the provision of the training regardless of when and where the individuals participate in initial training.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior, poor attendance or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

If the franchise is managed by any persons other than you, you must notify us of the identity of the managers. Each manager as hired must successfully complete any training we deem necessary within one month after being hired. You will pay for this training at our then current fee.

Additional Training Programs

We may require you and your employees to complete additional training in the future at your expense.

Mandatory or Optional Courses, Seminars, and Other Training Programs. We do not charge a fee for these additional training courses; however, you must pay all attendance related travel, lodging, dining costs, and wages for your attendees. If we make such programs mandatory, then the individual(s) who own the Area Representative franchise (or your owner(s) if you are a business entity) must attend.

Additional Training and Assistance Requested by You. You may request additional training and assistance. Such training and assistance are subject to our availability. You must pay our then-current training fee before we send our personnel to your location. You must also advance or reimburse our travel, lodging and dining costs. We are not required to provide more than seven days of additional on-site training assistance within any rolling 12-month period.

Mandatory On-Site Training for Non-Compliance. We may, at our option, send our personnel to your location to provide mandatory training if you have failed to comply with the Area Representative Agreement or our standards or specifications. You must pay our then-current training fee before we send our personnel to your location. You must also advance or reimburse our travel, lodging and dining costs.

Non-Disclosure: All attendees at a training must sign a non-disclosure agreement acceptable to Us before attending a training.

Although not required by agreement, we may, at our discretion or upon your request, provide other supervision, assistance, and services before the opening of your business; such as literature, advertising materials, displays, flyers, additional training assistance and a selection of inventory and supplies.

Attendance at Conventions

We may periodically hold national and regional conventions that include programs on sales and marketing techniques, performance specifications, advertising programs, training suggestions, and committee elections, among other things. Your attendance at each convention is strongly encouraged. You will bear all expenses of attending, including travel, lodging, meals and entertainment. For any annual convention that you do not attend, we may elect to deliver to you and you will pay us for video or any other deliverable electronic form of recordings of the activities of convention. The price for the recordings for each convention will be established by us from time to time but will not be less than $500. (Area Representative Agreement, Section 3.10).

Mandatory Supplemental Training

We may require that you or your managers attend and complete to our satisfaction refresher training programs or seminars. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation for attending these programs and seminars. Each year, you or the designated managers of your Franchise will be required to attend up to **40** hours of programs and seminars, depending upon program and seminar availability. (Area Representative Agreement, Section 4.5). Convention attendance is credited toward this 40-hour requirement.

Advisory Councils

We may form an advisory council which may be composed of Area Representative and Unit franchisees and our representatives. The council may work with us to improve the Arctic System, the products and services offered at Unit Franchises, advertising and promotional campaigns, and other matters. The franchisee representatives may be selected by us or may be selected by a vote of other franchisees in the franchise system. The council will serve in an advisory capacity only. If you participate on a council, you will pay any costs you incur related to your participation, such as travel and living expenses to attend council meetings. We will have the authority to dissolve, change and reform the council.

We currently do not have an advertising council composed of franchisees. We may create such a council in the future pursuant to organizational processes and control mechanisms we set forth in the Wellness Center Rules.

Computer Systems

We do not require Area Representative to purchase any specific computer system or POS system, but we do require Area Representatives to maintain adequate computer hardware and software that enable the Area Representative to communicate with us and franchisees, and to submit any reports that we require. You must ensure that you have access to the internet and email capabilities. However, your Unit Franchise must adhere to the same requirements established for Unit Franchises. You will also need a computer, print and access to the internet.

We estimate the cost of purchasing a computer system and related software specifically for your Area Representative franchise will range from $0 to $1,500. In addition to purchasing the hardware associated with the computer system, we estimate that the monthly telecommunications system and internet cost to operate your Area Representative franchise will be no more than $100 per month. We reserve the right to charge you a monthly technology fee of up to $499 in the future if we establish our own proprietary software or computer systems for Area Representative franchises in the future.

We may at our discretion change our standards and requirements at any time to provide effective technology for the entire system. We will have full ability to poll your data, system, and related information by means of direct access whether in person or by telephone/modem or on the internet. We will have access to all your data and there will be no contractual limitation on our right to access your information or data.

Neither we, our affiliates, nor third parties have contractual obligations for maintenance, repairs, updates, or upgrades to your computer and security systems. There are no contractual limits on the frequency and cost of your obligation to maintain, upgrade, and update your computer and security systems in conformance with our directives.

We may take measures to ensure the security of our hardware and software systems and all patient information. We may continue to enhance our systems for data management and protection, intrusion detection and prevention, our network architecture, and to expand our disaster recovery processing capacity. We perform full back-up periodically and we require that you do the same. We may continue to improve the speed and reliability of our information systems and transaction tools for all users by continually updating hardware and enhancing our software with new, internally developed programs and functionalities. However, our access to your computer and security system data is limited by privacy laws, such as HIPAA, that protect clients' health-related issues and information.

Portable Client Memberships: We may designate certain categories of memberships as portable and may designate them with names or Arctic Marks. A portable membership is a membership that permits a client to obtain agreed services at more than one wellness center location or to transfer the membership. We have the right to manage all portable membership programs, and you must strictly comply with the Wellness Center Rules in reporting and depositing payments by clients for such portable memberships and otherwise in marketing, selling, and pricing such memberships. Portable memberships will be marketed under such names or brands as we may specify.

E-Problem Disclaimer: Computer systems are vulnerable in varying degrees to 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 ("E-Problems"). We have taken reasonable steps so that E-Problems will not materially affect our business. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, patients, and governmental agencies on which you rely have reasonable protection from E-problems. This may include taking reasonable steps to secure your systems including firewalls, password protection, and anti-virus systems, and to provide backup systems.

Data Security Standards: At Your cost and expense, you must investigate and ensure that You comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements; however, we reserve the right to approve of the supplier You use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You must reimburse us for all costs related to the audit if You are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements, Including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, Including, security threats, breaches, and malware. It is your responsibility to alert us, not later than 24 hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect Customer Data and to notify relevant parties. You are not permitted to collect, store, transfer, etc., any unnecessary customer information.

Security System: You are required to install a security system in Your Premises. You are solely responsible for the maintenance and upgrades to this system. Upon our written request, you must provide us with independent access to the security system, but our access does not obligate us to monitor your Premises for safety or compliance. We do not regulate the type of security system you install, but it must have both inside and outside cameras, must be of sufficient capabilities to adequately protect your Franchise Business, your Premises and your inventory, and it must provide storage capabilities as required in the Wellness Center Rules. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. You are required to provide us notice of its installation. By installing the security system, you and your employees are waiving their right to privacy in non-private areas of the Premises, and you must include a provision in all your employment applications and other applicable documents requiring your employees to sign and waive their right to privacy with respect to the use of the security system in non-private areas of the Premises. You must indemnify and hold us harmless from and against any claim related to your security system. We estimate the cost of such system to be between $1,000 and $3,000 for initial installation and depending on the number of cameras and type of system used, an ongoing cost of approximately $50 to $175 per month.

Email Address: You must always use and maintain the email address provided by us or approved by us for use in relation to your Franchise Business, frequently checked by you to facilitate our communications, and that you must use as the sole email for all franchise business-related communications and accounts. If we provide you with an email account/address, we have the right to access your email account at any time without giving notice to you, and you and your employees and agents have no expectation of privacy in the assigned email accounts. All Social Media you are allowed to develop or use must be attached only to the email address we provide to you or that is approved by us.

Advertising

We control and place and monitor all local, regional, national, Internet and international advertising. We have sole discretion over the creative ideas, materials, endorsements, placement, and allocation of overhead expenses. We may pay for and place advertising in geographic areas, in media, at times and using products and services as we deem appropriate in our discretion. We use in-house advertising departments and local, regional, and national advertising agencies and resources.

You may develop, at your cost, advertising and promotional materials for your use, but may not use them until after we have approved them in writing. You must submit to us for our approval samples of all advertising and promotional materials not prepared or previously approved by us that you wish to use. We will not unreasonably withhold our approval. If you do not receive our written approval within 15 days from the date we receive the materials, the materials will be deemed to have been not approved. Any materials submitted to us for approval will become our intellectual property.

We do not currently have any Area Representative advertising cooperatives but we reserve the right to create them in the future. If one is created, you will be required to join and participate in an Advertising Cooperative ("Co-op"), which is an association of Area Representatives who are located within a Designated Market Area ("DMA"). A DMA is a geographic area around a city in which the radio and television stations based in that city account for a greater proportion of the listening/viewing public than those based in the neighboring cities. One function of the Co-op is to establish a local advertising pool, of which the funds must be used for advertising only and for the mutual benefit of each Co-op member. We have the right to specify the manner in which any Co-ops are organized and governed, and require any and all Co-ops to be legal entities of the state where they are located. Co-ops must operate according to 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. Currently, there are no Co-ops, however, if established, each Area Representative must contribute to a Co-op according to the Co-op's rules and regulations, and bylaws, as determined by its members. The fees payable to Co-op members are determined by a vote of the Co-op members. Amounts contributed to Co-ops may be considered as spent toward your Minimum Advertising Requirement under this Agreement, if appropriately documented and spent according to our defined criteria for advertising.

You must spend at least $3,000 quarterly to advertise the sale of Unit Franchises in your Territory. The precise amount will be determined by the population of your Territory after consultation with, and consent by, us. Advertising expenditures must be documented to us upon our request. This includes the cost of sales and marketing materials. We may increase the required amount by up to 25% per year. This includes social media advertising you must obtain through a vendor or supplier we designate or approve

Although we will use any available and appropriate advertising media and our website, we focus on localized search engine optimization, we manage pay-per-click campaigns, and we use direct lead generation campaigns on social media, including Facebook. Media purchases may be local, regional or national, but we focus marketing and advertising in areas near where we have franchisees. We develop and expect to continue to develop point of sale marketing materials, which we will make available to you.

We expect to focus any marketing using National Marketing Fees in areas where we have one or more franchisees, although the Agreement does not require us to benefit you with every marketing program or to spend any particular amount of marketing funds near your location.

Currently, we do not allow you or our other franchisees to advertise independently. In the future, we may establish and allow you to use advertising copy and other advertising and promotional materials in a local advertising program. You will not use or place any advertising copy or other promotional material unless and until we approve it. Any web site related to your Franchise will be considered advertising material, subject to our control and approval. In connection to any web site:

> We will establish web pages for you as part of our web site.
>
> You will not establish or use any other web site without our prior written approval.
>
> If you want to independently advertise or promote in any media (including the Internet), you must obtain our prior written approval, except when using materials and media and programs previously approved by us in writing.

We will provide promotional materials and updates to Arctic programs.

We may promote our franchises through a combination or individual use of television, radio, print, sporting events, bill board and direct mail media. Media choices are made after analysis of their effectiveness in reaching the franchisee's target audience. This is done locally and regionally. We use both our in-house marketing department and regional advertising agencies. We will provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts. We will use your Advertising Fee to place advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system. While all our advertising, social media, internet web site, and promotional materials may mention that franchises are available, currently we do not allocate any of the advertising fees principally to solicit new franchise sales.

We will administer the advertising fees we receive from our franchisees and direct all regional and national advertising programs with sole discretion over the creative ideas, materials, endorsements, placement, and allocation of overhead expenses. We may use the advertising fees to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs as we, in our sole discretion, deem proper. We are under no obligation to administer the advertising fee to ensure that expenditure is proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. The advertising fees we receive and our allocation of them are not audited but are available for review by franchisees. We will not be obliged to expend all or any part of the fees we receive during any specific period and any amount not spent in one year will be carried over for use in the next year(s). You will receive annual accounts of how advertising fees are spent.

We currently do not have an advertising fund for our Area Representative Franchisees, and do not intend to create one currently. If we do create one, you may obtain an annual accounting of the advertising fund upon written request.

If at any meeting of the franchisees in an advertising region, **65** percent of the franchises vote to contribute to a regional advertising program, all franchises within that region will be obliged to make a contribution to a regional advertising fund in the amount established by the vote. Your contributions to the Regional Advertising Fund will be credited toward your Local Advertising Requirement described in Item 5, above. Wellness centers owned by our affiliate will contribute to Regional Advertising Funds at the same levels and in the same ways as franchisees and will have one vote for each wellness center it owns in a region. We will administer each regional advertising program and fund once established pursuant to governing documents and processes outlined in the Wellness Center Rules. Currently there are no such programs or funds.

There are no other advertising funds.

Unit franchisees are required to participate in an advertising fund as described in our separate Unit Franchise FDD.

We do not have any advertising councils at this time, but reserve the right to create them in the future and to establish the rules as to how members are selected, voting rights of the members, etc. In the event any advertising councils are created, we will have the right change or dissolve the councils in our sole discretion.

The following describes the use of the Unit Franchisee advertising fees in the most recently concluded fiscal year:

Summary of National Advertising Contributions and Expenses for Fiscal Year 2025

Expenses:	Corporate overhead	$0	0%
	Production of commercials and market research	$0	0%
	Market level advertising	$0	100%
	Total expenses:	$0	100%
Advertising contributions:		$0	0%
Excess of expenses over contributions:		$0	0%

Pre-Launch Marketing: You must conduct a Pre-Launch Marketing program consistent with the Wellness Center Rules. During the 60 days before your franchise opens, you must spend at least $3,000 on Pre-Launch Marketing we have approved.

Launch Marketing: You must conduct a Launch Marketing program consistent with the Wellness Center Rules. During the first 90 days your Franchise is open, you must spend at least $4,500 on Launch Marketing we have approved.

Franchise Location

The location for your business operations is selected by you and approved by us. You may use a home office. If not, we suggest Class A or Class B office space with at least 1,000 to 5,000 square feet and adequate parking for your anticipated number of patients. You will generally lease your office space from a third-party lessor and your lease must be approved by us in advance. (Area Representative Agreement, Section 5.3). Our location and lease approval criteria may be contained in the Wellness Center Rules. See generally Item 12, below.

The consequences of non-agreement or non-approval of a franchise location within the limits specified in the Area Representative Agreement is that we may terminate the Area Representative Agreement.

12.
TERRITORY

The Area Representative Agreement grants you the right to solicit and recruit a specified minimum number of Unit Franchises within a designated territory (the “Area Representative Territory” or “Territory”). Your Area Representative Territory will be defined in your Area Representative Agreement. Each Area Representative Territory will vary in size and dimensions, based upon advertising coverage, population, growth trends, topography, geography, density, and demographics and typically will have a population range from 2 million to 13 million.

We do not grant to you an exclusive territory, however, so long as the Area Representative Agreement in force and you are not in default in any material provision of the Agreement, we will not establish or license anyone other than you to establish, develop or operate any Arctic Elevation Area Representative business within your Area Representative Territory.

You may not solicit or support Unit Franchisees outside your Area Representative Territory without our prior written approval at our discretion. You may not use other channels of distribution without our prior written approval at our discretion.

You must receive our written permission before you relocate your Area Representative Franchise office. Any relocation will be at your sole expense.

We do not grant you any options, rights of first refusal or similar rights to acquire additional Area Representative or Unit Franchises. We do not grant you the right to grant sub-franchises by signing franchise agreements directly with Unit Franchisees.

We retain all rights not specifically granted to you in the Area Representative Agreement.

We do not operate or franchise the operation of, or have any presently formulated plans or policy to operate or franchise the operation of, any business selling or leasing under different trade names or trademarks, services substantially similar to or competitive with those to be offered by you as an Area Representative. However, we are not limited from doing so.

We reserve the right to use other channels of distribution, such as the internet, to make product sales within your Area Representative Territory using the Arctic Marks or different trademarks. We will not be required to compensate you for such sales. If you fail to comply with the Area Representative Agreement, you will be deemed in default. Upon default, we may terminate the Area Representative Agreement and all rights granted under the Area Representative Agreement.

Continuation of an Area Representative's territorial rights and right to sell additional franchises is dependent on your compliance with the Minimum Development Schedule defined in your Area Representative Agreement.

We may terminate the Area Representative Agreement upon 30 days' written notice, at our option, if you fail to meet the Minimum Development Schedule during two out of any three consecutive 12-month periods commencing upon execution of the Area Representative Agreement. Upon termination for this cause, you may not establish any new or additional Unit Franchises or offer, assist or service any other party to establish or operate a Unit Franchise under the Area Representative Agreement. You will cease training and all ongoing services for the Unit Franchisees in the Area Representative Territory and will not receive any portion of the Royalty Fees received from those Unit Franchisees. We will be free to (1) resell the area representative rights for all or any portion of the Area Representative Territory and/or (2) market franchises directly within the Area Representative Territory, with no obligation to remit any of the revenues from fees from those franchisees to you. Upon termination, all your rights under the Area Representative Agreement will cease and you will comply with terms and conditions of the Area Representative Agreement related to its expiration or termination.

The exact location of your franchise will depend upon your approval and our market analysis, market penetration plans and franchise placement strategies and prior franchise commitments. We will use reliable governmental, chamber of commerce and business statistical information to determine both the population and location of your franchise.

If you request approval to relocate your Area Representative Franchise or if you seek to establish an additional Area Representative franchise, we will review the proposed location in the same manner and using the same criteria as for any other Area Representative franchise granted at that time. The criteria will include the reason for the proposed relocation or additional franchise, population, demographics, competition, location of other wellness centers, the economics of the proposed location, traffic patterns, and other factors relevant under the circumstances. No one factor will be determinative.

You must comply with the Wellness Center Rules regarding portable memberships.

All issues that relate to more than one franchisee and joint programs and promotional efforts will be addressed and resolved by the Arctic wellness centers and franchisees in the involved local areas, subject to our right to give reasonable direction and oversight.

While we are not restricted from doing so, we have not established other franchises or company-owned operations selling similar products or services under a different trade name or trademark. In the future, we may develop new systems of area representatives, wellness centers focused on new or different medical disciplines and for different types of patient bases. These new systems may use the Arctic Marks or newly created service marks appropriate to the relevant purposes and patient bases. We and our affiliates reserve the right to use alternative channels of distribution to make sales of products or services under trademarks or service marks different from the ones you will use under the Franchise Agreement, but we and our affiliates have not yet made any sales of this type.

Our affiliates own and operate wellness centers of the type we are franchising. They will sign Unit Franchise agreements with us although the precise terms of those agreements may differ from yours. We have not but may in the future own and operate company-owned wellness centers (as disclosed in Item 20). We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

You may not establish or operate any other Arctic establishment or area representative business without executing a separate Franchise Agreement for that. You may operate your franchise wellness center only at the location specified in Section 1.1 of the Franchise Agreement. You may not relocate without our approval, which will not be unreasonably withheld.

You do not receive the right to acquire additional franchises or to grant sub-franchises.

Neither we nor our affiliate are restricted from participating in other distribution methods, whether or not near your franchised area representative office or wellness center, including Internet, other forms of media now or in the future developed, wholesale and mail order channels under marks and product configurations different than those offered through your franchise. We reserve the right to use our trademarks, service marks, names, logos and products at any location and in connection with other product and service distribution methods, including Internet, wholesale and mail order channels (“alternative distribution channels”).

You may not use alternative distribution channels to make sales except as otherwise allowed by us in the Wellness Center Rules.

You are required to achieve certain sales volume, market penetration, and other contingencies as outlined in your Area Representative Agreement. If you do not meet these, we have the right to unilaterally modify your territorial protections during the term of your Area Representative Franchise Agreement, and we may do so upon renewal.

You may not establish or operate any other Arctic Area Representative or Unit Franchise operation or office location without executing a separate Franchise Agreement for that operation.

You have no right to relocate your Franchise for any reason. If you desire to relocate or open another Franchise in an available location, you must receive our prior written permission.

13.
TRADEMARKS

We give you the right to operate your Franchise under the names "*Arctic*^{sm}" and "*Arctic Elevation*®" and to display our related names, logos, service marks and trademarks (collectively these are called the "Arctic Marks"). You will use them on and in your franchise wellness center and on your checks, letterhead, envelopes, signs, and other forms we approve in advance. The Arctic Marks include all other trade names, trademarks, service marks, and logos we now own or may in the future develop for the Arctic System.

Our Affiliate, Arctic Elevation LLC, owns the Arctic Marks and licenses us to use them in relation to franchising the Arctic System. We have registered the *Arctic Elevation*® name on the Principal Register of the United States Patent and Trademark Office (and have not yet been required to file affidavits and renewals as applicable). We have timely filed all required affidavits and other documents. We plan to renew the registration when appropriate.

Service Mark:	**Arctic Elevation**®
Registration Number:	7,642,039
Registration Date:	January 7, 2025

We use the Arctic Marks under license from our affiliate, Arctic Elevation LLC. The license is terminable for cause but provides that, in the event of termination, you (and other franchisees) will continue to have a direct license from our affiliate to use the Arctic Marks for the balance of your then-existing franchise term. Otherwise, there are no currently effective agreements that significantly limit our rights to use or license you to use the Arctic Marks in any manner material to the Franchise.

There are no currently effective agreements that significantly limit our rights to use or license you to use the Arctic Marks in any manner material to the Franchise.

We have no state service mark registrations for these or any other marks.

We claim common law rights to the Arctic Marks and any other marks used by us and our affiliates in interstate commerce in the United States. This claim is based upon our widespread use of the names in interstate commerce.

We and our affiliates also claim common law rights to the following logos:

We do not yet have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are presently no currently effective material determinations of the United States Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding nor any pending material litigation involving the Arctic Marks or other commercial symbols which are relevant to their use in your state or in any other state.

There are currently no superior prior rights or infringing uses actually known to us that could materially affect your use of the Arctic Marks in the United States. To use the Arctic Marks, you must follow our corporate identity standards. You are prohibited from including "***Arctic***" or "***Arctic***" or any other of our marks or names in your business or other entity name or in any website URL, e-mail address, domain name or website meta-tags. You may not alter any of our names or marks, indicia or trade dress as to form, color, size, proportion, or in any other way. The name you select to operate your Franchise must be approved by us in writing and in advance. You must always indicate that you are operating an independently owned Franchise by using an identification tag line such as "an independent franchisee of Arctic Franchising LLC" on all advertising materials, signs, business cards, financial and contractual documents and business letterhead.

We know of no agreements currently in effect that significantly limit our right to use or license the use of the Arctic Marks listed in this section in a manner material to the franchise.

We are not obliged by the franchise agreement to protect your rights to use the Arctic Marks. If any infringement of, or challenge to, your use of the Arctic Marks should occur, you are obliged to immediately provide us with written notice. We will then have the sole discretion to take such action as we deem appropriate, but we are not obliged by the franchise agreement or otherwise to take any action or to indemnify you.

You can only use the Arctic Marks as authorized in the Franchise Agreement or as we otherwise authorize in writing. Among other restrictions, you may not use the Arctic Marks:

1. As part of your corporate name.
2. With modifying words or designs.
3. On any papers, vehicles, clothing, etc. except as we authorize.
4. In connection with the sale or rendering of any unauthorized services.
5. In any way that is unethical or may be injurious to the Franchise or to the goodwill associated with the Arctic Marks.
6. Without using the designation ®, ™, ℠ or other trademark registration notice.

We have the right to control any administrative proceedings or litigation involving the Arctic Marks that are licensed by us to you. You will immediately notify us of any infringement of, or challenge to, your use of the Arctic Marks. We will have sole discretion to take or not to take action, as we deem appropriate. You must follow our rules when you use the Arctic Marks. You may not use the Arctic Marks in any manner we have not authorized in writing. You may not use the Arctic Marks in connection with the sale of any unauthorized product or service.

Any goodwill associated with the Arctic Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our and our affiliates' benefit, except as otherwise provided by applicable law.

You may not use or give others permission to use the Arctic Marks, or any colorable imitation of them, combined with any other words or phrases.

Pursuant to the franchise agreement we may change or modify any part of the Arctic Marks at our sole discretion. You will accept, use and protect, for the purposes of the Franchise, all changes and modifications as if they were a part of the Arctic Marks at the time the Franchise Agreement is signed. You will bear all costs and expenses that may be reasonably necessary as a result of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to any of these changes or modifications.

You may not establish a presence on the Internet or on any other electronic, national or international medium, using any domain name or address containing any of the Marks or any similar mark or word or any other names or marks owned by us. We retain the sole right to advertise on the Internet and create a Web site using the Marks in the domain name. We are the owner of all rights to domain names and directory addresses as we designate or use.

Registered Domain Names: We have registered the Uniform Resource Locators (domain names) related to the Service Marks. You may not register or own a domain name, social media account, email account, etc., using the Service Marks or any derivative of the Service Marks in a domain name, and you may not create or register any domain name, social media account, email account, etc., in connection with your franchise business or the franchise system without our prior written permission.

14.
PATENTS, COPYRIGHT & PROPRIETARY INFORMATION

We claim copyrights in the Wellness Center Rules, printed advertising and promotional materials, training materials and similar items used in operating a franchise. We have not registered these copyrights with the United States Registrar of Copyrights. We intend to affix a statutory notice of copyright to the Wellness Center Rules, to most of our advertising products, and to our paper forms and service products, and to all modifications and additions to them.

We may require you to modify or discontinue the use of any material that may be subject to a copyright dispute or to use a substitute item at your sole expense.

The Wellness Center Rules is described in Item 11. Although we have not filed applications for copyright registration, all copyrighted materials are our property. Item 11 describes limits on use of the copyrighted materials and other proprietary information by you and your employees. You must contact us immediately if you learn of any unauthorized use of our proprietary information. You must also agree to not contest our rights to and interest in our copyrights and other proprietary information.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of our copyrighted materials. There are no agreements currently in effect which significantly limit our right to use or authorize our franchisees to use the copyrighted materials. Furthermore, we do not actually know of any infringing uses which could materially affect a franchisee's use of the copyrighted materials in any state. We need not protect or defend copyrights or confidential information, or indemnify you for expenses or damages in a proceeding involving any licensed copyright, although we intend to do so when this action is in our best interests or the best interests of the Arctic System.

The Wellness Center Rules, the contents of each, certain other information we will provide to you, all client data and manufacturer and supplier data, regardless of who collects or enters it, and reports on marketing expenditures, if required, are all confidential trade secrets. All information we provide to you or that you develop while performing under the Agreement that is not generally available to the public and which a competitor might find valuable are trade secrets. If we designate something as a "trade secret," you must treat it as a trade secret whether or not it would otherwise meet any definition of "trade secret." You are responsible for protecting all trade secrets; you cannot transfer them or sell them to anyone at any time. You must require manager(s) and other employees with access to trade secrets to comply with your obligations under the Agreement to protect our trade secrets. You must return all copies of all trade secrets to us upon termination, expiration, or nonrenewal, for any reason, of your Area Representative Agreement and not use them or permit anyone else to use them thereafter for any purpose. You must strictly comply with the Wellness Center Rules in handling any client data that may be in your possession or control, including our applicable privacy policy. You must not use any client data for any purpose other than as necessary for the operation of the Franchise.

Except as described below and as provided in the Area Representative Agreement, you have no rights to any of our copyrighted material. You are granted the right and are required to use the copyrighted items in your franchise business operations.

Our right to use and license the copyrighted items is not materially limited by any agreement or known infringing use. The Wellness Center Rules and other materials contain our confidential information. This information includes The Wellness Center Rules, a description of the Arctic System, site selection criteria, training materials, as well as other programs, systems and guidelines for franchisees. You cannot use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. However, these restrictions do not apply to information which you can demonstrate came to your attention before disclosure by us, or which is or has become a part of the public domain through publication or communication by others.

We have no patents or pending patent applications that are material to your Franchise.

Protection Against Infringement: You must also promptly tell us when you learn about unauthorized use of our copyrights, manuals, and any other proprietary information. We are not obliged to take any action but will respond to this information as we believe appropriate. We have the right to control any administrative proceedings or litigation.

If you use (and do not disclose) our confidential information in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the confidential information, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Improvements to the System: Any improvements you make to the system will be owned by us and considered a “work-made-for-hire” or will otherwise be assigned to us.

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

Your operating principals are not required to be involved in the day-to-day operations, however, during the term of your franchise agreement, your operating principals are required to participate in your franchise business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping, and all financial components of the franchise business; (ii) attend and complete all training and retraining courses required by us; (iii) attend any annual or special meetings of franchisees required by us; (iv) be directly involved with site selection, construction, remodeling; (v) be directly involved in all personnel decisions affecting the franchise business; (vi) conduct frequent inspections of the franchise business operations to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods; and (vii) work sufficient hours to operate your franchise or supervise your managers so that your franchise business is operating at maximum capacity and efficiency.

A qualified, approved, and trained owner or general manager must participate fully in the actual day-to-day operation of each franchise location. If you own multiple franchises there must be a unique general manager located at each of your franchised wellness centers. Your managers and all your owners must agree to be bound by the confidentiality and non-compete provisions of the franchise agreement. You and your managers cannot have a relationship with or interest in any of our business competitors. Your managers do not have to have an ownership interest in you if you are a corporation, partnership or other form of business entity.

Each of your owners/partners must assume and agree to discharge all your obligations under your franchise agreement.

You are expected to participate actively in franchisee meetings, seminars, conferences, and supplemental training we sponsor. We generally require that you directly and with your full time manage your franchise operations. If you own multiple locations, we impose no limitation as to who may manage your Franchise, except that all managers must meet our prior reasonable approval expressed in writing, must successfully complete our initial training program, and must comply with all applicable laws (which may require that the manager be a licensed health care provider and perhaps bonded). You must ensure that your business managers comply fully with all applicable terms of the franchise agreement including maintaining all confidential information, not competing with us and safeguarding all relevant documents, manuals, etc.

No Competing Enterprises: Neither you, your operating principals, nor your management employees can have an interest in or business relationship with any competing business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business or detrimental to the franchise system. You, your partners, directors, members, shareholders, and operating principal must sign our standard principal brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 and your franchise agreement. Your employees will also be required to sign a confidentiality agreement, and that agreement also imposes certain non-competition restrictions on management employees. Some states may impose certain restrictions on non-competition agreements. We provide you this form, but it is your responsibility to conform it to the laws and regulations of your state We have the right to communicate directly with your operating principal(s), designated manager(s), and assistant managers concerning operational matters that we reasonably believe may affect our goodwill, the Service Marks, the Arctic System, or our franchise system.

Spousal liability: In the community property states of Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin, your spouse must sign a document that makes your spouse liable for all financial obligations with you 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.

Our Step-In Rights. As outlined in Section 7.6 of the Area Representative Agreement, to prevent any interruption of the franchised business that would cause harm to the franchise and to our franchise system and lessen their value, we may step in to operate the franchise when we deem necessary. Reasons may include our determination that: you are incapable of operating the franchise; you are absent or incapacitated because of illness or death; you have failed to pay when due any taxes or assessments against the franchise or property used in connection with the franchise; you have failed to pay when due any liens or encumbrances of every kind placed upon or against your business property; you have failed to pay all relevant fees and assessments, or we decide that operational problems require us to operate the franchise for a time.

16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only programs and services that we approve in writing. You must offer all products, goods and services that we designate as required by our franchisees. We reserve the right, without limitation, to change, modify and add to the authorized programs, products, goods and services.

You must assist patients assigned to other wellness providers per the guidelines outlined in the Wellness Center Rules. You cannot solicit patients assigned to other Arctic wellness centers to transfer their account to you or open a second account with you except as outlined in our established Wellness Center Rules.

Our minimum standards and guidelines do not involve influencing decisions related to diagnosis or treatment of patients. Notwithstanding that you must purchase products, devices and equipment from us and from suppliers approved by us and that you must offer and sell programs and services that we approve, we will never interfere or control in any way in the exercise of medical judgment by you and by your affiliated medical providers, employees, and professional entities.

17.
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Area Representative Agreement	Summary
a. Length of the franchise term	Section 7.1	**20** Years
b. Renewal or extension of the term	Section 7.1	Right to renew at the expiration of initial term for an additional **15**-year term
c. Requirements for franchisee to renew or extend	Section 2	Your right to renew will be subject to the following conditions: (a) You must give us written notice not less than 90 days nor more than 180 days prior to expiration; (b) You must have fully performed all your obligations under the Agreement and not be in default; (c) You must have demonstrated your financial capacity to perform additional development obligations set forth in a new Area Representative Agreement, the terms of which may be materially different from the terms and conditions of your original agreement; (d) At expiration, you must have opened and continue to service or operate in the

Provision	Section in Area Representative Agreement	Summary
		Area Representative Territory not less than the aggregate number of Unit Franchises required by the Development Schedule; (e) You must execute a general release. Before renewal, you or your designated manager must attend and successfully complete any retraining program at your expense.
d. Termination by you	None	You may terminate due to a material default by us on our obligations and any grounds available at law, subject to a minimum of **90**-days prior written notice and opportunity to cure or reasonably begin to cure the default.
e. Termination by franchisor without "cause"	None	None
f. Termination by franchisor with "cause"	Section 8.2	We can terminate only if you default.
g.[4]"Cause" defined – curable defaults	8.2(a)	You have 30 days to cure defaults not specifically listed in Section 8.2.
h. "Cause" defined- non-curable defaults	Section 8.2	Non-curable Defaults: Felony or other criminal behavior; material dishonesty that damages our goodwill or the Arctic Marks; abandonment; multiple defaults; default of other agreement; failure to meet the Development Schedule; and other defaults described in Section 8.2.
i. Your obligations on termination/non-renewal	Section 8.3	Return all copies of the Wellness Center Rules and other materials provided by us. Protect our confidential information. Cancel all assumed names and transfer your telephone number and listings as we direct. Immediately cease using our trade name and cease

Provision	Section in Area Representative Agreement	Summary
		operations. Transfer lists of prospective franchisees to us or our designee. Pay any amounts due. (See also “r” below).
j. Assignment of contract by franchisor	Section 9.1	Agreement assignable by us
k. "Transfer" by you - Defined	Section 9.2	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of the Area Representative Agreement, substantial assets of the franchise, or ownership or control of you.
l. Franchisor approval of transfer by franchisee	Section 9.2	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 9.2	Upon our approval subject to conditions outlined in Section 9.2, including qualification of transferee; transferee’s assumption of your rights and obligations; transferee’s completion of training; you have fully complied with the Agreement; the transferee, if a current franchisee, is not in default; payment of a transfer fee; transferee signs a new Area Representative Agreement (which may contain materially different terms); payment in full of all existing obligations; you must sign a general release.
n. Franchisor's right of first refusal to acquire franchisee’s business	Section 9.3	We have the right to match any offer for your business.
o. Franchisor's option to purchase your business	None	Not Applicable
p. Death or disability of franchisee	Section 9.4	Within 60 days of the event, your heirs, beneficiaries, devisees or legal representatives may apply to operate the Area Representative franchise. Or, within 180 days of the event,

Provision	Section in Area Representative Agreement	Summary
		they may transfer your interest in compliance with the transfer provisions of the Area Representative Agreement.
q. Non-competition covenants during term of the franchise	Section 10.1	You will not engage in competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	Section 10.1	No involvement in competing business for two years within the Area Representative Territory, within 300 miles of the Area Representative Territory, within the territory of any other Arctic Elevation area representative, and within 45 miles of any other operation using our System or Arctic Marks
s. Modification of the Agreement	Section 12.8	No modifications to the Area Representative Agreement without a signed agreement of all parties. We may modify standards of operation as we determine in our discretion.
t. Integration/merger clause	Section 12.8	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 11	All disputes are subject to mediation except for disputes involving (1) our trademarks or other intellectual property or (2) the violation or alleged violation by you or any related entity or individual of any of the covenants in the area representative agreement related to confidentiality, non-use, and non-disclosure of our

Provision	**Section in Area Representative Agreement**	**Summary**
		Confidential Information, non-diversion of business, non-competition, and related covenants.
v. Choice of forum	Section 11.2	Subject to applicable state law, any mediation or litigation must take place in the county in which our headquarters is then located (currently **King County, Washington**).
w. Choice of law	Section 11.1	Subject to applicable state law, the Area Representative Agreement is to be interpreted and construed under **Washington** law (without giving effect to any conflict of law) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

18.
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any 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 our Chief Executive Officer, David Kostroub, at 1133 Lake Washington Blvd N, Ste. 80, Renton, WA 98056, 425-400-2925; the Federal Trade Commission; and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEM WIDE AREA REPRESENTATIVE SUMMARY FOR FISCAL YEARS ENDING JULY 30, 2023, 2024, AND 2025

Outlet Type	Fiscal Year End	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Area Representative Franchise	July 2023	0	0	0
	July 2024	0	2	+2
	July 2025	2	3	+1
Company-Owned*	July 2023	0	0	0
	July 2024	0	0	0
	July 2025	0	0	0
Total	**July 2023**	**0**	**0**	**0**
	July 2024	**0**	**2**	**+2**
	July 2025	**2**	**3**	**+1**

* This includes outlets owned by our affiliate(s).

TABLE 2
TRANSFERS FROM AREA REPRESENTATIVE FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR FISCAL YEARS ENDING JULY 30, 2023, 2024, AND 2025

State	Fiscal Year End	Number of Transfers
Total	**July 2023**	**0**
	July 2024	**0**
	July 2025	**0**

TABLE 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS ENDING
JULY 30, 2023, 2024, AND 2025*

State	Fiscal Year End	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
California	July 2023	0	0	0	0	0	0	0
	July 2024	0	2	0	0	0	0	2
	July 2025	2	0	0	0	0	0	2
Florida	July 2023	0	0	0	0	0	0	0
	July 2024	0	0	0	0	0	0	0
	July 2025	0	1	0	0	0	0	1
Totals	**July 2023**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	July 2024	**0**	**2**	**0**	**0**	**0**	**0**	**2**
	July 2025	**2**	**1**	**0**	**0**	**0**	**0**	**3**

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

TABLE 4
STATUS OF COMPANY-OWNED AREA REPRESENTATIVE OPERATIONS*
FOR FISCAL YEARS ENDING
JULY 30, 2023, 2024, AND 2025

State	Fiscal Year End	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	**July 2023**	**0**	**0**	**0**	**0**	**0**	**0**
	July 2024	**0**	**0**	**0**	**0**	**0**	**0**
	July 2025	**0**	**0**	**0**	**0**	**0**	**0**

*Including Wellness centers owned by our affiliates. At this time, we do not own or operate any wellness centers

TABLE 5
PROJECTED OPENINGS*
As of JULY 31, 2025

State	Area Representative Agreements Signed but Business Not Yet Opened as of July 31, 2025	Projected New Franchised Businesses Through the Next Fiscal Year	Projected New Company-Owned Operations Through the Next Fiscal Year
Colorado	0	1	0
Florida	0	1	0
Nevada	0	1	0
Texas	0	1	0
Utah	0	1	0
TOTALS	**0**	**5**	**0**

* NOTE: These are projections of the number of new franchises we expect will open in the next fiscal year. It is, however, only a projection. The chart shows those states which we consider priority states; however, we do not plan to sell franchises in all those states in the upcoming year. We continue to look for new franchisees throughout the western United States and will open locations in any state in which we find qualified purchasers. Therefore, the actual number of new franchisees in any state that open in the next fiscal year could vary from the number described above.

The following is a complete listing of all our current Area Representative Franchisees and the addresses and telephone numbers of all their operations as of **January 1, 2026**:

Name	**Address**	**Phone**	**Date Opened**
Paul Galushkin, Wellness Source Enterprises LLC	1004 White Rock Rd, El Dorado Hills, CA 95765	916-970-9164	February 24, 2024
Ara Zakarian	3223 Wilshere Blvd, Santa Monica, CA 90403	505-500-4504	March 6, 2024
Yuriy Mayba	496 Riverwalk Cir, Freeport, FL	850-865-0080	November 2, 2024

The following is a complete listing of all the Arctic Area Representative businesses owned and operated by our affiliates and the addresses and telephone numbers of all their operations as of **January 1, 2026** and the date they joined the Arctic System: **NONE**

Name	**Address**	**Phone**	**Date Opened**

The following is a list of the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone numbers) of every Arctic franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system:

VOLUNTARILY LEFT THE SYSTEM: NONE

FRANCHISEE TRANSFERS TO NEW OWNERS (OTHER THAN US): NONE

REACQUIRED BY FRANCHISOR: NONE

Name	**Address**	**Phone**

TERMINATED BY FRANCHISOR:

Name	Address	Phone

During the last three fiscal years, in some instances, current and former franchisees may have signed provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. In addition, we sign agreements with current and former franchisees that include confidentiality clauses that protect our intellectual property and our proprietary information. The confidentiality clauses in these agreements may also relate to specific negotiated franchise agreement terms and conditions.

The following is a list, to the extent known by us, of the names, addresses, telephone numbers, email address and Web address of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed: **NONE**.

The following is a list of any independent franchisee organizations that have asked to be included in this disclosure document: **NONE**.

21.
FINANCIAL STATEMENTS

Attached as Exhibit B are our audited financial statements as of July 31, 2025. Our fiscal year end is July 31.

We have not been in business for three years or more and therefore cannot include all the historical financial statements otherwise required.

22.
CONTRACTS

Attached are copies of the following franchise agreement and all other related agreements you may have to sign when you purchase your franchise:

Exhibit C - Sample Area Representative Agreement and Exhibits
Exhibit D - Conditional Assignment of Phone Number
Exhibit E - Abandonment Relinquishment Termination of Assumed Business Name
Exhibit F - State Law Addendum
Exhibit H - Sample Transfer, Termination, Renewal, or Incorporation Agreements
Exhibit L -Sample Administrative Services Agreement
Sample Business Associate Agreement

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

23.
RECEIPT

Attached to this disclosure document are three Acknowledgments of Receipt. The first evidences your receipt of the franchise agreement in final form ready for execution. The last two are duplicates that evidence your receipt of this Franchise Disclosure Document - one is to be retained by you, the other by us.

EXHIBIT A

NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES AND REGISTERED AGENTS IN STATES

STATE	REGISTERED AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Financial Protection and Innovation: Los Angeles: 300 S. Spring Street, Suite 15513 Los Angeles, CA 90013-1259 (213) 897-2085 Sacramento: 651 Bannon Street, Suite 300 Sacramento, CA 95811 (916) 327-7585 San Diego: 1455 Frazee Road, Suite 315 San Diego, CA 92108 (619) 610-2093 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	Commissioner Department of Financial Protection and Innovation 300 S. Spring Street, Suite 15513 Los Angeles, CA 90013-1259 (213) 897-2085
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770
HAWAII	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722

STATE	REGISTERED AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 100 W. Randolph Street Chicago, IL 60601 (312) 814-3892
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa Street G. Mennen Williams Building 1st Floor Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Franchise Section Michigan Dept. Attorney General PO Box 30213 Lansing, MI 48909 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 296-6328
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st FL New York, NY 10005

STATE	REGISTERED AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
		212-416-8222
NORTH DAKOTA	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Director of South Dakota Division of Insurance/Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Franchise Administrator Division of Insurance/Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9672	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions	Administrator Dept. of Financial Institutions

STATE	REGISTERED AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
	Securities Division 150 Israel Rd. SW Tumwater, WA 98501 360) 902-8760	Securities Division P.O. Box 41200 Olympia, WA 98507-9033 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

EXHIBIT B

AUDITED FINANCIAL STATEMENTS

Arctic Franchising LLC

Financial Statements

As of July 31, 2025 and for the period from August 1, 2024 through July 31, 2025

Arctic Franchising LLC

Financial Statements

As of July 31, 2025 and for the period from August 1, 2024 through July 31, 2025

Table of Contents

Dallas Office
2425 N Central Expy.
Suite 200
Richardson, TX 75080
Phone 972 238 5900
Fax 972 692 5357

www.agllp-cpa.com

Independent Auditor's Report

To the Member
Arctic Franchising LLC
Renton, Washington

Report on the Financial Statements

Opinion
We have audited the financial statements of Arctic Franchising LLC (the "Company"), which comprise the balance sheet as of July 31, 2025, and the statement of operations, changes in member's deficit and cash flows for the period from August 1, 2024 through July 31, 2025 and related notes to the financial statements. The Company was incorporated on July 23, 2024. The Company did not commence business operations until August 1, 2024. Accordingly, there were no transactions or business activities from July 23, 2024 through July 31, 2024. The accompanying financial statements present the operating results and financial position of the Company for the fiscal year beginning August 1, 2024 and ending July 31, 2025.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of Arctic Franchising LLC as of July 31, 2025, and the results of its operations, changes in member's deficit and its cash flows for the period from August 1, 2024 through July 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Arctic Franchising LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arctic Franchising LLC's ability to continue as a going concern within one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of this financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arctic Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arctic Franchising LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

A+G LLP

Dallas, Texas
December 22, 2025

Balance Sheet

As of July 31,	2025
Assets	
Current assets:	
Cash and Cash Equivalents	$ 186,497.81
Prepaid Expenses	7,500.00
Total Current assets	193,997.81
Non-Current assets:	
Computer, Equipment	2,790.00
Depreciation	(279.00)
Total Non-Current assets	2,511.00
Total assets	$ 196,508.81

Liabilities and Member's Equity	
Members Equity:	
Members' Capital	$ 75,000.00
Members' Distribution	(163,063.57)
Accumulated Earnings	284,572.38
Total Equity	196,508.81
Total liabilities and member's equity	$ 196,508.81

Statement of Operations

For the period from August 1, 2024 through July 31,		2025
Revenues:		
Franchise Fees	$	575,000.00
Royalties		--
Total Revenues:		575,000.00
General and administrative expenses:		
Depreciation		279.00
Advertising and marketing		27,500.00
Misc. Operating Expenses		143,859.31
Professional fees		10,000.00
Office Supplies		12,331.00
Website		4,789.31
Mobile App Development		9,000.00
Franchise Sales Commission		5,000.00
		90,000.00
Total general and administrative expenses		290,427.62
Net Income	$	284,572.38

Statement of Changes in Member's Equity For the period from August 1, 2024 through July 31,	**2025**
Balance at August 1, 2024	$ -
Member's Capital	75,000.00
Member's Distribution	(163,063.57)
Net income for the year	284,572.38
Balance at end of period	**$ 196,508.81**

Statement of Cash Flows

For the period from August 1, 2024 through July 31,	2025
Operating Activities	
Net income	$ 284,572.38
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	279
Changes in operating assets and liabilities:	
Increase in prepaid expenses	(7,500)
Net cash provided by operating activities	277,351.38
Investing Activities	
Purchases of property and equipment	(2,790)
Net cash used by investing activities	(2,790)
Financing Activities	
Member's Capital Contribution	75,000
Members Distribution	(163,063.57)
Net cash used in financing activites	(88,063.57)
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	$ 186,497.81

NOTES TO FINANCIAL STATEMENTS

1. Organization and Operations

Description of Business
Arctic Franchising LLC ("the Company") is a limited liability company formed under the laws of the State of Washington on July 23, 2024. The Company commenced operations on August 1, 2024. Accordingly, there were no operating activities during the period from July 23, 2024 through July 31, 2024.

The Company is engaged in the business of granting franchises to operate ARCTIC ELEVATION™ branded medical spa locations ("Franchised Businesses"), which provide wellness and recovery services, including cryotherapy, red light therapy, infrared sauna, compression therapy, percussion therapy, intravenous drip therapy, NAD+ therapy, and related services and products.

Arctic Elevation LLC ("AE LLC"), an affiliate of the Company, owns the trademarks and other intellectual property associated with the ARCTIC ELEVATION™ franchise system. AE LLC has licensed the trademarks and related intellectual property to the Company under a perpetual license agreement, which allows the Company to sublicense such intellectual property to its franchisees.

As of July 31, 2025, there were seven franchised locations and one affiliate-owned location in operation.

2. Significant Accounting Policies

Basis of Accounting
The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Use of Estimates
The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition and useful lives for depreciation of long-lived assets. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of accrued expenses. The carrying amounts of accrued expenses approximate fair value due to the short-term nature of these instruments.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Computers and Equipment	3 Years

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Impairment of Long-Lived Assets
The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying value of the asset to the expected future undiscounted cash flows. If the carrying amount is not recoverable, an impairment loss is recognized based on the excess of carrying value over fair value. No impairment losses were recognized during the period ended July 31, 2025.

Revenue Recognition

Franchise fees
The Company recognizes revenue in accordance with FASB ASC 606, Revenue from Contracts with Customers. The Company has adopted the practical expedient under ASC 952-606 applicable to franchisors that are not public business entities. Initial franchise fees are recognized as revenue when the Company has substantially performed the services required to grant the franchise license, which generally occurs upon the opening of the franchised location. Ongoing royalty fees are recognized as revenue as earned.

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Franchise fees (continued)

The Company sells individual franchises under franchise agreements that require the payment of an initial, non-refundable franchise fee prior to the opening of a franchised location, as well as continuing royalty and other fees based on a percentage of franchisees' gross sales. Franchise agreements generally provide for an initial term of five years, with renewal options.

Initial franchise fee revenue is recognized when the Company has substantially performed the services required to grant the franchise license, which generally occurs upon the opening of the franchised location. Ongoing royalty fees are recognized as revenue as earned. Renewal fees are recognized over the renewal term. Transfer fees are recognized when the transfer is approved and a new franchise agreement is executed.

Royalty revenue
Royalty revenue is earned from franchised businesses based on a percentage of franchisees' gross sales in accordance with the franchise agreements. Royalty revenue is recognized as revenue as earned during each reporting period as the underlying franchisee sales occur.

National marketing fee revenue
Franchisees contribute to a national marketing fund based on a percentage of gross sales in accordance with the franchise agreements. Marketing fund contributions are recognized as revenue as earned, and related marketing and advertising costs are expensed as incurred.

Advertising and marketing
All costs associated with advertising and marketing are expensed in the period incurred.

2. Significant Accounting Policies (continued)

Income Taxes
The Company is a single-member limited liability company and is treated as a disregarded entity for federal and state income tax purposes. Accordingly, the Company does not record a provision for federal or state income taxes, as taxable income or loss is reported on the sole member's income tax returns.

In accordance with FASB ASC 740, Income Taxes, the Company has evaluated its tax positions and determined that no uncertain tax positions exist that would require recognition or disclosure. Accordingly, no liability for uncertain tax positions has been recorded as of July 31, 2025.

Recent Accounting Pronouncements
Management has evaluated recently issued accounting pronouncements and determined that they are either not applicable to the Company's operations or are not expected to have a material effect on the Company's financial statements.

3. Property and Equipment

The major classes of property and equipment consisted of the following at July 31, 2025:

		2025
Computers and Equipment	$	2,790
Less: accumulated depreciation		(279)
Property and equipment, net	$	2,511

Depreciation expense for the period from August 1, 2024 through July 31, 2025 was $279.

5. Related Party Transactions

Transactions with Affiliate
Arctic Elevation LLC ("AE LLC"), an affiliate of the Company, owns the trademarks and other intellectual property associated with the ARCTIC ELEVATION™ franchise system. AE LLC has licensed such intellectual property to the Company under a perpetual license agreement, which permits the Company to sublicense the intellectual property to its franchisees.

No license fees were paid or accrued under the license agreement during the period ended July 31, 2025. There were no amounts due to or from the affiliate as of July 31, 2025.

6. Commitments and Contingencies

Litigation
The Company is not a party to any material legal proceedings as of July 31, 2025, nor is management aware of any pending or threatened claims that would have a material adverse effect on the Company's financial position, results of operations, or cash flows.

<u>**EXHIBIT C**</u>

AREA REPRESENTATIVE FRANCHISE AGREEMENT

ARCTIC FRANCHISING LLC

1133 Lake Washington Blvd N, Ste. 80
Renton, WA 98056

425-400-2925

AREA REPRESENTATIVE AGREEMENT

Attachments to Area Representative Agreement:

Attachment A	Area Representative Territory
Attachment B	Development Schedule
Attachment C	Entity Information
Attachment D	Personal Guaranty
Attachment E	Confidentiality and Non-competition Agreement
Attachment F	Spousal Consent

AREA REPRESENTATIVE AGREEMENT
ARCTIC FRANCHISING LLC

This Area Representative Agreement ("***Agreement***") is dated this ___ day of _________________, 202___ and is between ***Arctic Franchising LLC***, a Washington limited liability company ("***we***," "***us***," or "***Franchisor***"), and __________________________and _________________________ (jointly and severally "***you***").

RECITALS

A. We have certain rights to, have registered in various jurisdictions, and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles, which include, but are not limited to, ***Arctic Elevation®***, and related stylized names and logos (collectively the "***Arctic Marks***").

B. We own valuable goodwill and have valuable expertise, confidential information, methods, procedures, techniques, uniform standards, operations manuals, guidelines, systems, layouts, merchandise, and materials (collectively these are called the "***Arctic System***"). The Arctic System is connected with the operation and management of high-tech medical and healthcare services and products to the general public through licensed medical and healthcare professionals at a specific location under the Arctic Marks and such other trademarks that we authorize from time to time.

C. We offer franchises to licensed health care professionals and qualified entities to own and operate Arctic Elevation wellness centers that specialize in providing healthcare services and products such as Cryotherapy, Red Light Therapy, Infrared Sauna, Compression Therapy, Percussion Therapy, IV Drip Therapy, and NAD+ in the Arctic franchise system. This is done under the Arctic Elevation Marks. For purposes of this Agreement, the Arctic System is connected with area representative franchises for the solicitation and support of unit and area developer franchisees under the Arctic Marks.

D. We desire to expand and develop our franchise system and seek area representatives who will open and operate and help to procure and assist individual unit and area developer franchisees (each a "***Franchisee***" and collectively "***Franchisees***") to open and operate one or more Arctic Elevation office locations (each a "***Unit Franchise***") under the Arctic Marks within the Area Representative Territory (defined below).

E. You desire to procure, qualify, train and assist Franchisees in your Area Representative Territory to open and operate Unit Franchises in accordance with the terms and conditions contained in this Agreement and our Wellness Center Rules.

AGREEMENT

Therefore, in consideration of the mutual covenants and promises set forth below, the parties agree as follows:

1. GRANT OF RIGHTS, TERRITORY, AND MINIMUMUM DEVELOPMENT

1.1 __**Grant of Rights, Area Representative Territory**__. We grant to you, and you accept from us, the right during the term of this Agreement to provide the services indicated in

Section 2, below, for Arctic Elevation Franchisees in the territory described in *Attachment A* to this Agreement (the "***Area Representative Territory***").

For so long as this Agreement is in effect, we will not grant an Area Representative Agreement to any person other than you to operate in the Area Representative Territory.

This grant makes you an independent contracting franchise sales and service agent (area representative) for us. You will function subject to our reasonable direction and consent, as from time to time given. You agree to exert your best efforts, in good faith to solicit prospective Franchisees and service Unit Franchises in the Area Representative Territory. You will receive a commission for the services you provide as described in this Agreement.

This grant is upon the terms and subject to the conditions of this Agreement, our Unit and Area Representative Franchise Disclosure Documents, and our then-current forms of unit franchise agreement and area development agreement.

1.2 **<u>Development Schedule</u>**.

(a) You will open and operate and procure, qualify, train and assist Franchisees to open and operate, within the Area Representative Territory, not less than the cumulative number of Unit Franchises set forth in *Attachment B* to this Agreement, in the manner and within each of the time periods (the "***Development Periods***") specified in this Agreement (the "***Development Schedule***").

(b) Each Unit Franchise opened within the Area Representative Territory will be the subject of a separate unit or area development franchise agreement in our then-current form (the "***Franchise Agreement***"). This applies to wellness centers you own and wellness centers owned by other Franchisees.

(c) All Unit Franchises in the Area Representative Territory that are the subject of a Unit Franchise Agreement will be counted in determining whether the Development Schedule will have been met within the Development Period.

1.3 **<u>Wellness Centers You Own and Operate</u>**. You must own and operate at least one Unit Franchise in the Area Representative Territory pursuant to a Unit Franchise Agreement you sign with us. You must open this franchised wellness center within 12 months of the date of this Agreement.

1.4 **<u>Required Equipment</u>**. You must have the following equipment and services for your business operations under this Agreement: up-to-date computer hardware and software, modem, printer, scanner, high speed internet, e-mail address, telephone, and faxing capability. You must keep us and all Franchisees in the Area Representative Territory current on your telephone numbers and e-mail address. If applicable, we will provide required software to you at your expense.

2. PAYMENTS AND FINANCIAL MATTERS

2.1 **<u>Area Representative Fee</u>.** The Area Representative Fee is determined by multiplying the multiplying the population of your Area by **$0.05** per person. Typically, this ranges from 2 million to 13 million persons for a total Area Representative Fee of $100,000 to $650,000 (the "***Area Representative Fee***"). The Area Representative Fee is ***[$___________________]***. In addition, you must sign a Unit Franchise Agreement and pay us the corresponding Initial Franchise Fee. Upon signing this Agreement, you will pay to us the Area Representative Fee by cashier's check, certified check, or wire transfer to the account we specify.

2.2 **Sharing of Initial Franchise Fees**. In exchange for your services as described in this Agreement, we will pay to you a percentage commission in an amount equal to **50** percent of the amount we collect from Franchisees in which you have been directly involved in the sales process in your Area Representative Territory for fees we designate in the applicable Franchise Agreement as "Initial Franchise Fees."

This commission will be payable upon our receipt of the relevant initial franchise fee in full. For multiple franchise purchases you will receive as part of the applicable commission for each franchise **50** percent of any multiple franchise fee deposits applicable to that purchase. We will make the commission payments to you once the relevant initial franchise fee payment or multiple franchise deposit is unrestricted by bank clearing or collection requirements or any franchise escrow or impound restrictions imposed by state franchise regulatory authority. We will make this payment to you within 15 business days after we collect the Initial Franchise Fee (in the manner described in Section 3.5, below).

You will function as a franchise sales and service agent for us subject to our reasonable direction and consent as from time to time given. You agree to exert best efforts, in good faith to sell and service Franchises to certified franchisee prospects who meet the reasonable qualifications established by us by from time to time. During the term of this Agreement, you will receive a full commission as defined, below, for each Franchise sold by You. A franchise will be deemed to have been sold by you only if:

You are significantly involved in the relevant franchise purchase by recruiting and supporting prospective franchisees, whether or not developed through leads provided by us, throughout the franchisee application and approval process as defined by us.

The relevant franchise agreement executed by the prospective franchisee is submitted to us by you together with the applicable initial franchise fee payment.

And, you affix affirmation to the relevant, executed franchise documents to have functioned as You for us in negotiating and closing the transaction.

In addition, you will perform the following activities pursuant to this Agreement:

Develop and implement marketing strategies within the Area Representative Territory to assist in the development of our brand and ensure the success of our franchisee network.

Assist our franchise development staff in our effort to sell franchises to qualified franchisee candidates.

Ensure that all franchisee candidates in the Area Representative Territory meet or exceed the predetermined minimum requirements, as defined by us from time to time, prior to franchisee being awarded an Arctic Elevation franchise agreement.

Assist us in the collection of initial franchisee fees.

Sale Approvals. You agree that all future franchise sales whether to existing or prospective franchisees will be subject to the following:

a. Our written approval, which approval may not be unreasonably or in bad faith withheld. We give you reasonable written notice of business or financial circumstances that might require us to reject sales to otherwise qualified franchise candidates or to limit your franchise sales efforts.

b. Approval by our attorneys evidencing that the promotion, development, negotiation and sale of each Franchise was done in strict compliance with all applicable state and federal franchise, antitrust, contract, real estate and business laws. All costs incurred for such legal work will be paid by us.

c. Our attorneys will monitor the use, delivery, and acknowledgment of receipt of all Franchise Disclosure Documents, franchise agreements, advertising and promotional materials, and written and oral representations made to all existing or prospective franchisees by you.

d. You and we will fully comply with good business practices and all applicable state and federal franchise, antitrust, contract, real estate and business laws associated with the promotion, development, negotiation and sale of franchises and the establishment of franchise locations. Each will hold the other harmless for and defend the other against any damages directly or indirectly accruing as a result of any breach of this obligation.

e. We may approve or reject any franchise candidate you present, based upon our franchisee qualification requirements generally in force as from time to time established and of which you have previously been given notice in writing. Approval or rejection will be based upon our reasonable judgment as to the qualifications and probabilities of success for any franchise candidate. Our approval will not be unreasonably withheld.

f. If we reject a franchise candidate you present, we will give you notice in writing of the reasons for the rejection.

2.3 **Sharing of Royalty Fees**. In exchange for your services as described in this Agreement, we will pay you **50** percent of the amount we collect from Franchisees in your Area Representative Territory for fees we designate in the applicable Franchise Agreement as "Royalty Fees."

This commission will be payable upon our receipt of the relevant royalty fee payment in full. We will make the commission payments to you once the relevant royalty fee payment is unrestricted by bank clearing or collection requirements or any franchise escrow or impound restrictions imposed by state franchise regulatory authority. We will make this payment to you on or before the 15th day of each month for Royalty Fees we collect during the preceding month (in the manner described in Section 3.5, below.)

If you are not current with the Development Schedule at the end of any calendar month, then the percentage of Royalty Fees we pay you will be reduced to **45%**. This does not affect our right to terminate this Agreement based on your failure to meet the Development Schedule as further provided in this Agreement.

Upon our reasonable request, you must show compliance with this Agreement, submit copies of inspections, compliance reports and marketing plans from each Franchise in order to receive the royalty payments. You must provide these reports to us within 10 days of our request.

Service Standards. In consideration for the commission on royalty fee payments you will receive, you agree to follow the following minimum training and service standards for each Franchise serviced by You:

a. Subject to our reasonable direction and approval, you will provide to the Franchisee the on-site initial training and supplementary training and on-site services required of us under the relevant franchise agreement(s). This will be done pursuant to the Unit Franchise Disclosure Document and Wellness Center Rules developed and updated by us. The Wellness Center Rules may contain specific requirements, rules, suggestions and provisions related to your functions as a franchise sales and service agent. You will follow all provisions of the Wellness Center Rules, including updates to it.

b. You will personally communicate with each franchise at least once every two weeks to verify compliance with the Wellness Center Rules, supervise the franchisee's operations, and respond to the franchisee's reasonable operational needs.

c. By the 10th day of each month, you will provide to each Franchisee a summary of upcoming promotions, franchise system developments, operational suggestions, and new or modified customer service requirements for the Arctic System. This will include a newsletter with information of general interest to the Franchisees.

d. You will personally visit and thoroughly inspect the location and franchise operations of each Franchisee every three months. We may develop reasonable visit and inspection checklists and franchise grading forms to be included in the Wellness Center Rules.

f. You will prepare, promote, and conduct at least one regional franchisee training and planning meeting in the Regional Representative Territory each year and you will help us prepare for and promote and will attend all national franchisee conventions we sponsor.

g. You will cause all Franchises in the Area Representative Territory you own to vote for a regional advertising program for the Area Representative Territory. When established, as so long as approved by at least **65%** of the franchises in the Area Representative Territory, you will manage the program according to the following provision of the standard Unit Franchise Agreement:

> If at any meeting of the franchisees in an advertising region, **65** percent of the franchises vote to contribute to a regional advertising program, all franchises within that region will be obliged to make a contribution to a regional advertising fund in the amount established by the vote (the "Regional Advertising Fund"). No advertising region may require any franchisee in that region to make a contribution to a Regional Advertising Fund in excess of **2** percent of that franchisee's Gross Revenue…each Regional Advertising Fund be administered pursuant to standards

and procedures outlined in the Wellness Center Rules by representatives elected by each region.

2.4 Sharing of Transfer Fees. In exchange for your services as described in this Agreement, we will pay to you an amount equal to **50%** of the amount we collect from Franchisees in your Area Representative Territory for fees we designate in the applicable Franchise Agreement as "Transfer Fees." You will you be entitled to a commission on your own franchises sold or acquired. This commission will be payable upon our receipt of the relevant royalty fee payment in full. We will make this commission payment to you once the relevant transfer fee payment is unrestricted by bank clearing or collection requirements or any franchise escrow or impound restrictions imposed by state franchise regulatory authority. We will make this payment to you within 15 business days after we collect the Transfer Fee in full (in the manner described in Section 3.5, below). We will pay you an additional **10%** of the amount of the Transfer Fee paid if you provide the buyer.

2.5 General Fee Sharing Provisions. We will make the foregoing payments to you *pro rata* after we receive the relevant fees.

We will not pay you any commissions based on any fees other than those specifically identified above. For the avoidance of doubt, we will not pay you any commissions based on fees we may charge Franchisees for national advertising or other advertising, grand opening, site selection assistance, additional training, goods, inventory, equipment, real estate or fixtures (as applicable). We will not pay you any commissions based on interest income we earn on uncollected initial franchise fees, transfer fees, or royalty fees.

The Franchise Agreement forms we use may require us to refund to a Franchisee some or all the initial franchise fees, royalty fees, transfer fees, or certain other fees under certain circumstances. Therefore, the parties agree no portion of any commission or other payment will be fully earned by you until the related initial franchise fee, royalty fee, or transfer fee has been fully earned by us. To the extent that we are contractually, statutorily, administratively, or otherwise obliged to return some or all an initial franchise fee, royalty fee, or transfer fee to a Franchisee, your commission will be reduced and returned to us in the same ratio as the portion of the initial franchise fee, royalty fee, or transfer fee returned to the franchisee bears to the initial franchise fee, royalty fee, or transfer fee retained by us. If we elect to return some or all an initial franchise fee, royalty fee, or transfer fee, we will give you notice in writing of the reason(s) for the return.

You will promptly take all reasonable steps help us collect sums due from Franchisees pursuant to Franchise Agreements.

All franchise sales, site selection, negotiation and service work performed by you will be done solely as consideration for earned commissions.

2.6 Audit Rights. We and you may, with reasonable prior notice, inspect and audit records of the other party. If inspection or audit reveals that any payments have been understated by more than 5%, the party will (1) pay the wronged party the amount of the underpayment or overpayment plus interest (at the rate of 12% per annum), and (2) reimburse the wronged party the cost of the inspection or audit, including the charges of the accountants and reasonable travel expenses, room and board and compensation of employees. We will have full ability to poll your data, computer systems and related information by means of direct access whether in person or by electronic means. There will be no contractual limitation on our right to access your information or data.

3. AREA REPRESENTATIVE TRAINING

3.1 Initial Training. You, or one of your owners who owns at least 10% of you, must attend and complete to our satisfaction the initial training program we provide to Franchisees (as described in the Franchise Agreement) and an approximately 7-day area representative training program. You will bear all travel, meals, incidental and lodging expenses in connection with this training. You are encouraged to begin training before incurring any costs or expenses related to the planned opening of your area representative franchise. We will not be liable for any costs or expenses you incur if we terminate this Agreement because you fail to satisfactorily complete the mandatory training program.

3.2 You Train Your Employees. You will notify us of any persons you hire to manage your performance under this Agreement. At our discretion, we may require each manager you hire to complete our mandatory training program before beginning services. You will bear all costs of the training, including a reasonable training fee at our then-current rates. Each of your employees, including franchise sales agents, franchise trainers, administrators and franchise service providers, will complete a training program as may be prescribed in our Wellness Center Rules. All training programs for your employees will be conducted under the direction of you or your designated manager who has successfully completed our mandatory training program.

3.3 Additional Training. From time to time, we may provide conventions and refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, you or the designated managers of your area representative franchise will be required to attend up to 30 hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees at your office location. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Wellness Center Rules in the future.

4. CERTAIN OBLIGATIONS OF THE PARTIES

4.1 Operations Manual. We will loan to you (in print, digitally, or via an online portal) one or more copies of the Arctic Elevation operations manuals (the "***Wellness Center Rules***"). You will conduct all franchising activities and all business activities and will cause the Franchisees in your Area Representative Territory to conduct their business activities, in strict accordance with the methods and procedures we prescribe from time to time in the Wellness Center Rules. We will have the right to modify or supplement the Wellness Center Rules at any time. The Wellness Center Rules (including an updates or amendments) is our property. You acknowledge that the copyright in the Wellness Center Rules and all associated materials is vested in us, not you. You may not duplicate, copy, or disclose all or any portion of the Wellness Center Rules without our prior written consent. You will maintain the confidentiality of the Wellness Center Rules. Upon the termination of this Agreement, you will return to us all copies of the Wellness Center Rules in your possession or control.

4.2 Compliance with Laws. In connection with all your business operations, including your solicitation of Franchisees to operate Unit Franchises in the Area Representative Territory, and the performance of all Unit Franchise Agreements entered into in that regard, you will comply with, and conduct all franchise promotion, advertising and other activities in accordance with the following: the Federal Trade Commission's Disclosure Requirements and Prohibitions Concerning Franchising (16 CFR Part 436) as it may be amended ("***FTC Rule***"); all state laws relating to the offer and sale and operation and supervision of franchises; all state and federal laws related to the offer and sale of business opportunities; all state and federal real estate laws; all state and federal laws related to the corporate and individual practice of medicine, and all other applicable laws, rules, policies and procedures in effect from time to time.

You will pay for and assist us to continuously:

(a) Prepare and update the Arctic Elevation Franchise Disclosure Document to reflect information about you, your activities, and the Area Representative Territory; and

(b) Register and maintain proper registrations for you in all states and jurisdictions where registration is or will be required.

You will not file or use any offering circular, prospectuses and other disclosure documents, whether related to franchising, securities offerings or other matters, without first having obtained our written consent, which we may grant or withhold in our sole discretion. This consent will not constitute a warranty or representation by us that any document complies with any applicable law or that the disclosures made by you are truthful and accurate, nor will our review or consent in any way waive, reduce or impair our right to be indemnified by you pursuant to this Agreement.

4.3 Additional Assistance and Services. We will make available to you the benefits our information, experience, advice, guidance, and know-how. Upon your reasonable request, we will counsel and assist you with respect to the management and operations of all Unit Franchises.

4.4 Your Purchase of a Unit Franchise, Site Approval, Submission of Franchise Disclosure Document, Execution of Franchise Agreement. This subsection will apply when you purchase one or more Arctic Elevation unit or area developer franchises. After you have located a site for a new Franchise you propose to open and operate, you will submit to us all information regarding the proposed site that we then require, in the form we from time to time specify, together with the terms of any proposed lease relating to the site. We may seek additional information as we deem necessary within 30 days of your submission of the prospective site. You will respond promptly to our requests for additional information. We will not unreasonably reject a proposed site. Promptly after approval of any site, we will transmit to you our then-current Franchise Disclosure Document, including our then-current form of Franchise Agreement. Promptly upon receipt of the Franchise Disclosure Document, you will return to us a signed copy of the Acknowledgment of Receipt of the Franchise Disclosure Document. After the passage of any applicable disclosure waiting period, you will execute and deliver to us a signed copy of the Franchise Agreement and the Initial Franchise Fee required by that agreement. Promptly upon receipt of these documents and fees, we will sign and return to you a copy of the fully executed Franchise Agreement. You will then obtain the site by purchase or lease, and provide to us a copy of the executed lease or, if purchased, the deed evidencing your right to occupy the approved site. You will then commence construction and operation of the Franchise following the terms of the Franchise Agreement. Notwithstanding the foregoing, if we are not legally able to deliver a Franchise Disclosure Document to you by reason of any lapse or expiration of a state franchise registration (if applicable), or because we are in the process of amending the registration or disclosures, or for any reason beyond our reasonable control, we may delay approval of the site for your proposed Franchise until such time as we are legally able to deliver a Franchise Disclosure Document.

5. USE AND PROTECTION OF MARKS

5.1 Ownership. We own all right, title, and interest to the Arctic Marks, and to all applications, registrations, and other filings or notices which may be made with respect to them in any jurisdiction, provided that you will be a licensee pursuant to this Agreement in accordance with its terms and conditions.

5.2 Acts in Derogation of the Arctic Marks. You will not do or permit any act or thing to be done in derogation of any of our rights in connection with the Arctic Marks, either during the term of this Agreement or after. You will use the Arctic Marks only for the uses and in the manner licensed under and as provided in this Agreement.

Association with Causes; Co-Branding. You may only use the Service Marks for franchise-related purposes. You can only use the Service Marks for the purposes expressed in this Agreement. You cannot, without first receiving our written approval, in the name of your franchise business or in any manner associated with the Service Marks: (i) donate money, products, or services to any charitable, political, social, religious, or other for-profit or non- profit organization, cause, or position; or (ii) act in support of or against any such organization, cause, or position. You cannot "co-brand" or use the Service Marks or your franchise business to associate any other business activity in a manner which is likely to cause the public to perceive the activity to be related to or sponsored by that brand or system.

5.3 Prohibition Against Disputing Rights. During or after the term of this Agreement, you will not in any way dispute or impugn the validity of the Arctic Marks, or our rights to them, or the rights of our franchisees or other licensees to use them.

5.4 Termination of Trademark Use. Upon the termination of this Agreement for any reason, you will deliver and surrender up to us each and all the Arctic Marks, and any physical objects bearing or containing any of the Arctic Marks. Alternatively, at our election, you will obliterate or destroy any physical objects bearing or containing any of the Arctic Marks in your custody, control or possession.

5.5 Trademark Changes. From time to time, in the Wellness Center Rules or in directives or bulletins supplemental to them, we may change, improve or modify the Arctic Marks. You will accept, use, and display these modified Arctic Marks in accordance with the procedures, policies, rules and regulations contained in the Wellness Center Rules, as though they were specifically set forth in this Agreement.

5.6 Prosecution of Infringers. If you learn that any third party, which you believe to be unauthorized, is using the Arctic Marks or any variant of them, you will promptly notify us of the facts relating to the alleged infringing use. We, in our sole discretion, will determine whether or not to take any action on account of the alleged infringement. You will have no independent right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against an alleged infringer.

5.7 Non-Ownership of Arctic Marks. You have no right, title or interest in or to any of the Arctic Marks, except as granted in this Agreement. You will never assert any claim to any goodwill, reputation or ownership of the Arctic Marks by virtue of your use of them.

5.8 **Restrictions on Use of Arctic Marks**. You must abide by our directives, standards and specifications regarding your use of the Arctic Marks as provided in this Agreement and as outlined in the Wellness Center Rules or as we may otherwise specify in writing. You may not use the Arctic Marks or any part or derivative of the Arctic Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Arctic Marks or any derivative of the Arctic Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking website (such as Facebook, Instagram, Twitter. YouTube, TikTok,, or similar sites) or as part of any unauthorized email address.

6. FRANCHISE SALES AND SUPPORT SERVICES

You will perform the following services to solicit, screen, and qualify prospective Franchisees (for final approval by us) and to train and assist Franchisees in the Area Representative Territory (check all services that apply):

______ Franchise sales marketing (see Section 6.2, below)

______ Investigation and pre-qualification of prospective franchisees (see Section 6.3, below)

______ Initial pre-opening training (see Section 6.4, below)

______ Pre-opening and opening assistance, other than initial training (see Section 6.5, below)

______ Ongoing training and support (see Section 6.6(a) through (i), below)

______ Ongoing marketing (see Section 6.6(j), below)

______ Ongoing inspections (see Section 6.6(k), below)

You will follow the Wellness Center Rules (which may identify one or more providers you may hire to perform some or all the following functions) and our reasonable direction to pay for and perform the services described below. You will provide all Franchisees with additional services reasonably related to the services described below as we reasonably request and require from time to time.

6.1 **Sale Approvals**. You agree that all franchise sales in your Area Representative Territory, whether to existing or prospective Franchisees, will be subject to the following:

(a) We have exclusive authority to grant or not grant a particular franchise within the Area Representative Territory. You acknowledge and agree that you do not have such authority. We will approve or reject any franchise candidate presented by you, based upon the Franchisee qualification requirements from time to time established by us. We may approve or reject a prospective Franchisee or prospective franchise territory for any reason at our sole discretion. We will endeavor to give you reasonable written notice of business or financial circumstances that might require us to reject sales to otherwise qualified franchise candidates or to limit your franchise sales efforts. If we reject a franchise candidate you present, we will give you notice in writing of the reasons for the rejection.

(b) Approval by our attorney(s) evidencing that the promotion, development, negotiation and sale of each franchise was done in strict compliance with all applicable state and federal franchise, antitrust, contract, real estate and business laws. All costs incurred for such legal work will be paid equally by you and us.

(c) Our attorney(s) will monitor the use, delivery and acknowledgment of receipt of all Franchise Disclosure Documents, Franchise Agreements, franchise sales advertising and promotional materials, and written and oral representations made to all existing or prospective franchisees by you.

(d) You and we will fully comply with good business practices and all applicable state and federal franchise, trademark, antitrust, contract, real estate and business laws associated with the promotion, development, negotiation and sale of Arctic Elevation franchises and the establishment of franchise locations. Each will hold the other harmless for and defend the other against any damages directly or indirectly accruing because of any breach of this obligation.

6.2 Franchise Sales Marketing. At your own expense, you will conduct marketing campaigns to sell Arctic Elevation franchises in the Area Representative Territory. This may include using advertising media, attending trade shows, and holding sales seminars or open houses. You will diligently market for new franchisees in the Area Representative Territory. You must submit all advertisements, marketing materials, and programs for prospective franchisees to us for approval prior to use. Approval will not be unreasonably withheld. Advertising to attract franchisee candidates is to be placed in media in the Area Representative Territory and must be approved in advance by us. All advertising you place must follow the provisions of this Agreement.

Beginning 60 days after execution of this Agreement, you must purchase, place and run not less than $**3,000** worth of such advertising during each calendar quarter on advertising exclusively designed to attract franchisee candidates. If the Area Representative Territory encompasses more than one million inhabitants, the minimum quarterly advertising placement is increased pro rata. For example, if the Area Representative Territory contains three million inhabitants (200% more than one million), the minimum in the first twelve months is $9,000 per quarter which is 200% more than $3,000. Each year, we may adjust these minimum expenditure requirements to account for inflation per the US Consumer Price Index published by the US Bureau of Labor Statistics or its successor. Upon renewal of this Agreement, the minimum advertising requirement will be based upon the then-current standards for new area representatives.

On a periodic basis as we specify, you will provide copies of invoices representing the advertisements you have purchased, placed and run during the period to meet the requirements above, and include copies of the actual advertising purchased, placed and run, including "tear sheets" or other proof of performance.

Our regional and national advertising may result in leads being generated for prospects within the Area Representative Territory. We will deliver or direct these leads to you. From time to time, you and we may jointly elect to place advertisements to sell franchises in local media located in the Area Representative Territory. Prior to placement of any such advertising, we and you will negotiate the portion of the costs of such advertising each will be responsible to pay.

Franchise sales advertising by you will include our phone number and contact information and may also include your contact information. All leads we receive or generate from the Area

Representative Territory will be forwarded to you. If applicable, area representatives in adjacent territories or territories sharing media may advertise together and share the expense.

We or our designee may create a single website page, or “microsite,” for your area representative franchise as well as create and customize certain social media accounts and related pages for use in connection with your area representative franchise. For the avoidance of doubt, and without limiting the generality of the restrictions described above, you will not create an independent website or use the Arctic Marks or solicit prospective franchisees independently on social media.

You will participate in all promotion and marketing activities we require of our area representative franchisees as outlined in the Wellness Center Rules.

6.3 **Investigation and Qualification of Prospective Franchisees**. You will interview interested parties for purchase of franchises and review applicants for financial, operational and other qualifications. You will recommend qualified candidates to us for approval as Franchisees. You will prepare and submit to us all paperwork and other forms we require regarding franchise purchases.

(a) Each Unit Franchise opened by you or by a Franchisee pursuant to this Agreement will be the subject of a separate Franchise Agreement between us and the Franchisee, in our then-current form. You will have no right to modify or offer to modify any agreement, or other contract without our prior written approval.

(b) You will investigate the qualifications of each prospective Franchisee and the suitability of each prospective franchise location in the Area Representative Territory in accordance with our standards, policies, and procedures relating to qualification of franchisees and franchise territories then in effect, and will obtain all information we then require of prospective franchisees.

(c) After you are satisfied that a prospective Franchisee and prospective franchise territory meets our standards, you may recommend to us approval of the prospective Franchisee. You will then furnish to us all information relating to the prospective Franchisee we request in the form and manner we customarily require.

(d) We may seek further information with respect to the prospective Franchisee and the prospective franchise territory. You will cooperate with us in any further investigation of the prospective Franchisee and that franchise territory.

(e) You will deliver to us a copy of all correspondence with Franchisees that asserts problems with or a breach or termination of a Franchise Agreement, and all other correspondence with Franchisees which is material to the franchise relationship, immediately after you receive the same.

(f) If we approve a Franchisee and a prospective franchise territory, then upon our request you will send to the Franchisee for execution, copies of our then-current Franchise Agreement pertaining to and providing for a franchise territory, as we determine.

(g) You will not attempt to terminate any Franchise Agreement with any Franchisee without our prior written consent. You will, upon our request, assist us to terminate any Franchise Agreement with respect to which the Franchisee has failed to comply with the terms of the Franchise Agreement.

6.4 Initial Training for Franchisees. Pursuant to our reasonable direction and control, you will provide to each Franchisee some or all the initial training required of us under the relevant Franchise Agreement. This will be done pursuant to the Franchise Disclosure Documents provided to the Franchisee and the Wellness Center Rules.

6.5 Pre-Opening and Opening Assistance for Franchisees.

6.5.1 Site Selection. You will:

(a) Prepare a development plan for the Area Representative Territory. Identify the major competitors in the Area Representative Territory. Prepare a map indicating the locations of the major competitors, major traffic generators, regional malls, significant retail centers, and other pertinent locations. For the total number of sites to be developed in the Area Representative Territory, indicate targeted locations, designating them as first, second and third priority sites.

(b) Develop relationships with commercial real estate brokers in the Area Representative Territory. Keep abreast of new developments for commercial real estate in the Area Representative Territory. Develop an inventory of available retail sites in the Area Representative Territory. Evaluate these sites and provide qualified sites to Franchisees for their review.

(c) Review and preliminarily approve sites selected by Franchisees.

(d) Forward site information to us for review and final approval. Prepare and submit all required forms and paperwork to us in regard to site approval.

6.5.2 Lease Negotiation. You will:

(a) Assist Franchisees to make offers to lease a location using both recommended and required elements that we may provide.

(b) Provide Franchisees with recommended and required elements for a lease in the form of a standard Lease Agreement Addendum that we may provide. You should recommend Franchisees to use an independent attorney to assist them in negotiating a lease. Your obligation is to work with the Franchisee to assure that elements of the lease pertinent to us are included in the final version of the lease. You are under no obligation to otherwise directly participate in lease negotiations.

(c) Prepare and submit to us all forms and paperwork we require in regard to the lease for our review and approval prior to final execution.

6.5.3 Franchise Design. You will:

(a) If not already obtained by us, interview and select a local architect (designer) to draw plans for Arctic Elevation locations in the Area Representative Territory. In some areas an engineer may also be required to provide required information for the building permit process.

(b) Provide Franchisees with our standard contract for enlisting the services of a local architect.

(c) Prepare our standard “Request for Floor Plans” form for each location with information necessary for us and the local architect.

(d) Prepare and submit all required paperwork and preliminary plans to us for review and approval prior to any plans being finalized or submitted to local officials for approval.

6.5.4 Construction. You will:

(a) Interview local contractors and recommend qualified contractors to Franchisees for bidding on their projects.

(b) Assist Franchisees in interviewing and selecting a contractor.

(c) Provide Franchisees with our standard contract for enlisting the services of a contractor.

(d) Review plans with selected contractor to ensure understanding.

(e) Keep in contact with architect and contractor during the construction period.

(f) Monitor and observe construction of the Franchisee’s location and advise Franchisee on issues concerning supervision of construction.

(g) Review and inspect location at completion of construction for compliance with our standards and approval of the site for opening.

(h) Assist Franchisee in ordering equipment.

(i) Prepare and submit all required paperwork to alert us of approval and opening of each new location.

6.5.5 Financing. You will:

(a) Provide Franchisees with potential lending sources and equipment leasing companies.

(b) Meet with potential local lenders to explain the franchise and provide information, that may assist lenders with approving Franchisees’ loans.

(c) Assist Franchisees with preparing business plans and loan packages.

6.5.6 Franchise Opening. You will:

(a) Assist each Franchisee in planning the opening of its new locations.

(b) Provide training to each Franchisee and its staff at the Franchise prior to, during and immediately after opening of the Franchisee's first location to total a minimum of **45** hours (planning, pre-opening, training staff, opening). For a second or any additional Franchise for any Franchisee, you may spend less hours as we may reasonably approve in advance.

(c) In addition, after the Franchise has opened, for any new Franchisee, you must spend a minimum of **20** hours at the location to assist with the first week's business. For a second or any additional Franchise for any Franchisee, you may spend less hours as we may reasonably approve in advance.

6.6 <u>Ongoing Support and Supervision of Franchisees</u>. You will:

(a) Pursuant to our reasonable direction and control, provide to the franchisee the supplemental training required of us under the relevant Franchise Agreement. This will be done pursuant to the Wellness Center Rules.

(b) Contact each Franchisee in your Area Representative Territory at least once each week to verify compliance with the Wellness Center Rules, supervise the franchisee's operations, and respond to the franchisee's reasonable operational needs.

(d) Personally visit each Franchisee in your Area Representative Territory at least once each three months to provide operations, customer service, marketing and other related support.

(e) Hold monthly meetings for Franchisees to provide information on operating Franchises, ideas for marketing new programs, activities and other items of interest to Franchisees. A minimum of **10** meetings must be held each calendar year. You need not hold a meeting in any months in which we hold a company-wide or region-wide Franchisee meeting.

(f) Form a franchisee advisory council beginning with the first Franchisee in the Area Representative Territory. Advisory councils will meet monthly with you. Minutes from these meetings will be forwarded to us and our corporate franchisee advisory council. Once the Area Representative Territory has ten Franchises the advisory council will consist of a minimum of five members, elected annually by the Franchisees in the Area Representative Territory.

(g) Make a scheduled quarterly visit to each Franchisee for the purpose of assisting the Franchisee with planning and executing marketing for each owned location. This may be accomplished by individual meetings, group meeting or other formats which you may submit to us for approval.

(h) Hold monthly franchisee meetings, advisory council meetings and marketing meetings, which may be held concurrently. Combined meeting formats must be approved in advance by us.

(i) Conduct at least one regional training and planning meeting in the Area Representative Territory each year for all the Franchisees in your Area

Representative Territory and attend and encourage all Franchisees to attend all regional and national conventions we sponsor.

(j) Franchisee and Customer Dispute Resolution. You acknowledge that franchisee and customer satisfaction is essential to your success as well as the reputation and success of the Arctic System and all our franchisees. Accordingly, you agree to: (i) use your best efforts to ensure the satisfaction of each of your customers and of the Franchisees you service; (ii) use good faith in all dealings with franchisees and customers, potential franchisees and potential customers, referral sources, suppliers and creditors; (iii) respond to franchisee and customer complaints in a courteous, prompt, and professional manner; (iv) use your best efforts to promptly and fairly resolve franchisee and customer disputes; and (v) within seven days of receiving our request, provide to us a written summary of the dispute. If you fail to resolve a dispute with a franchisee or a customer, for any reason whatsoever, we, in our sole discretion and for the sole purpose of protecting our goodwill and reputation, may (but are not be obliged to) investigate the matter and take such action as we deem necessary or appropriate to resolve the dispute fairly and promptly, including, but not limited to, the issuance of a refund on your behalf. Within ten days after receiving notice, you will reimburse us for any amounts refunded to a franchisee or customer on your behalf. Nothing contained in this Section or any other provision of this Agreement may be construed to impose liability upon us to any third party for any action by or obligation by you.

(k) On behalf of the Franchisees in your Area Representative Territory, market and promote to prospective customers as follows:

You will control the day-to-day marketing and promotional operations in the Area Representative Territory, including management of regional franchisee co-operatives and the expenditure of regional advertising funds. You will execute the will of, and will be responsible to, the Franchisees in the Area Representative Territory.

You will:

Coordinate advertising efforts using only advertising programs that we have authorized or recommended;

Implement our national, regional and local advertising decisions;

Monitor and report to us the results of all advertising efforts;

Follow the requirements of the Wellness Center Rules and our ongoing recommendations and requirements, as amended from time to time;

Use advertising agencies and consultants as necessary to augment and implement our advertising programs;

Comply with and enforce all other obligations the Franchise Agreements impose upon Franchisees;

Comply with all state or federal advertising, business operations and antitrust laws; and

Spend such amounts as you deem reasonable to obtain professional public relations help, advice and advertising to assist the franchisees in the Area Representative Territory to expand and augment their businesses.

(l) At least once every three months, you will personally visit and thoroughly inspect the location and franchise operations of each Franchisee in the Area Representative Territory. This will be done in accordance with our standards from time to time established, upon schedules and according to the procedures outlined in the Wellness Center Rules. You will provide reports to us with respect to the findings of these inspections, in the form and at the times we require. You will work diligently to ensure franchisees follow all provisions of the relevant franchise agreements and correct discovered deficiencies, and if not corrected, you will assist us in all related disciplinary processes. You will fully communicate and work with us in this regard as outlined in the Wellness Center Rules.

6.7 **<u>Adjacent Territories</u>**. Upon your request and our written consent (which we may grant or withhold at our discretion), you may temporarily handle the services that you agree to perform in this Agreement in territories that are adjacent to the Area Representative Territory that have not been sold to another area representative. You will receive the royalty percentage outlined in Section 3 of this Agreement for such Franchises on a monthly basis as well as any commissions for sales of franchises that you make in these adjacent territories during the time you are temporarily administering to that area.

7. TERM AND RENEWAL

7.1 **<u>Term and Renewal</u>**. The term of this Agreement (the "***Term***") will be for a period of **20** years, commencing on the date of this Agreement, unless sooner terminated. You will have the option to renew your area representative franchise for an additional **15**-year term, upon the terms of our then-current Area Representative Agreement forms. "Then-current," as used in this Agreement and applied to our Franchise Disclosure Document and Area Representative Agreement will mean the form we then-currently provide to prospective franchisees or area representatives, or if not then being provided, then the form we select in our sole discretion that previously has been delivered to and executed by a franchisee of ours. The financial, minimum development, territory and operational terms and conditions of those forms may differ significantly from this Agreement. Your failure or refusal to execute the renewal agreement forms within 30 days after delivery to you may be regarded as an election by you not to renew.

We may refuse to renew this Agreement if you fail to satisfactorily comply with this Agreement. The determination of satisfactory compliance will be within our exclusive discretion in good faith. We also may refuse to renew this Agreement if we make a good faith determination in our normal course of business that renewal of the franchise relationship is likely to be uneconomical to us or our franchise system despite any reasonable changes or additions to the agreements between be parties, which may be acceptable to you. We will not be obliged to renew this Agreement if we have determined in good faith to cease carrying on business in your market area and if we have given you at least 180 days-notice of our intent not to renew and have otherwise complied with applicable law concerning the renewal of franchises.

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

Your right to renew will be subject to your fulfillment of the following conditions precedent:

(f) You must give us written notice of your intent to renew not less than 90 days nor more than 180 days prior to the expiration date of this Agreement;

(g) You must have fully and faithfully performed all your obligations under this Agreement and all other area representative and unit franchise agreements between you and us, and you must not be in default under this Agreement at the time of renewal;

(h) You must have demonstrated to us your financial capacity to perform the additional development obligations set forth in the new Area Representative Agreement. In determining if you are financially capable, we will apply the same criteria to you as we apply to prospective area representatives at that time;

(d) At expiration of the Term, you must have opened and continue to service or operate in the Area Representative Territory not less than the aggregate number of Franchises required by the Development Schedule;

(e) You must execute a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us;

(f) Before renewal, you or your designated manager must attend and successfully complete any retraining program we prescribe in writing. This will be done at your expense, including travel, meals, lodging, and our then-current training fee.

There is no fee for renewal, except that you will reimburse us for our reasonable out-of-pocket costs concerning the renewal.

If we refuse to renew or you choose not to renew, then you must still continue to perform under this Agreement until its expiration.

You have no automatic right to continue operation under this Agreement following its expiration or termination. If you continue to operate with our express or implied consent, following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon 30 days written notice. Otherwise, all provisions of this Agreement will apply while operations continue. Upon termination of this Agreement under this section, all post-termination covenants and obligations in this Agreement will apply.

7.2 **Renewal Disclosure and Execution**. If you notify us of your intent to renew your area representative franchise in compliance with the preceding subsection, then we will deliver to you our then-current Franchise Disclosure Document, including our then-current form of Area Representative Agreement, before expiration of this Agreement. The new Area Representative Agreement will reflect our proposed new development obligation for you consistent with our plans for additional development (and may contain other significant changes). To renew, the preconditions described in the preceding subsection must be satisfied and you must sign the new Area Representative Agreement within 30 days of receiving our then-current Franchise Disclosure Document and the new Area Representative Agreement (but after the passage of any applicable disclosure waiting period).

8. TERMINATION

8.1 **Termination by You**. You may terminate this Agreement any time upon not less than **90** days advance written notice to us. Upon termination for this cause, you will not be entitled to a refund of any fees you previously paid to us.

8.2 **Termination by Us**. In addition to all other remedies available at law or in equity, we will have the option to cure your breaches at your expense. If you breach or default in any of the terms of this Agreement, we have the right to appoint a receiver to take possession, manage and control assets, collect profits, and pay the net income for your operations as ordered by a court of jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists, and without the necessity of notice to you.

We will have the right to terminate this Agreement only for “cause.” For purposes of this Agreement, among other things, you agree that it will be a default constituting a substantial breach of a material provision of this Agreement thus establishing good cause for termination, if you (or your owners, officers, or key employees):

(a) materially breach of this agreement, if the breach is not cured within 30 days after notice from us to you specifying the nature of the breach.

(b) are convicted of or plead guilty or no contest to a felony, or any other crime that is reasonably likely to adversely affect the system, the franchise, or the goodwill associated with the marks (as we determine at our sole discretion) or Any criminal, unprofessional, unethical, amoral or fraudulent conduct on the part of you or your agents or employees.

(c) commit of a material act of dishonesty that results in direct or indirect damage to us or the Arctic Marks. This includes false reporting when you knowingly or intentionally conceal revenues, maintain false books or records, (Including purposely uploading or storing incorrect or incomplete information on a designated platform) or submit any intentionally false report or payment or otherwise defraud us.

(d) abandon the business by failing to operate continuously and actively for a period after which it is reasonable under the facts and circumstances to conclude that you do not intend to continue business under this agreement.

(e) fail on three or more separate occasions within any period of 12 consecutive months:

(i) to submit when due reports or other information or supporting records;
(ii) to pay amounts due for purchases from us, our affiliates or suppliers, or other payments due to us or our affiliates; or
(iii) otherwise fail to comply with this Agreement.

This applies whether or not your failures to comply are corrected after we deliver notice to you.

(f) materially breach any Franchise Agreement or any other agreement between you and us and do not cure as specified in the Franchise Agreement or the other agreement. If you or any of your shareholders, partners, or officers violate any material provision of any other franchise or similar agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

(g) become insolvent, make a general assignment for the benefit of creditors, have a receiver appointed to administer or take possession of any part of the franchise or your assets, or admit to not being able to meet your obligations as they become due; or become bankrupt or become subject to any chapter of the United States Bankruptcy Code, unless you:

(i) timely undertake to reaffirm the obligations under this Agreement;
(ii) timely comply with all conditions as legally may be imposed by us upon such an undertaking to reaffirm this Agreement; and
(iii) timely comply with such other conditions and provide such assurances as may be required in relevant provisions of the United States Bankruptcy Code;

provided, however, that we and you acknowledge that this Agreement constitutes a personal service contract and that we have relied to a degree and in a manner material to this Agreement upon the personal promises of you and your directors, officers, shareholders or partners, as the case may be, to participate personally on a full-time basis in the management and operation of the franchised business, and, consequently, we and you agree that any attempt by any other party, including the trustee in bankruptcy or any third party, to assume or to accept an assignment of this Agreement will be void.

(h) fail to meet the Development Schedule during two out of any three consecutive 12-month periods commencing upon execution of this Agreement.

(i) fail to comply with any of the confidentiality, non-disclosure, non-diversion of business, or non-competition covenants of this Agreement.

(j) deny us the right to audit or inspect your books and records or access your computer systems and information as permitted under this Agreement.

(k) falsify data in reports or other information you or Franchisees provide to us.

(l) attempt to transfer all or any portion of this Agreement, substantial assets of the franchise business, or ownership or control of you or to fractionalize any of the rights granted to you pursuant to this Agreement in violation of this Agreement.

(m) within a period of 10 days after notification of noncompliance, fail to comply with any federal, state or local law or regulation applicable to the operation of the franchise. This includes any violation by you of any federal, state or local law, rule or regulation that relates to the offer and sale of franchises and business opportunities.

(n) engage in any conduct that is reasonably likely, in our sole opinion, to adversely affect the Arctic System, the franchise, or the goodwill associated with the Arctic Marks.

(o) any action or conduct by you or your employees or agents which could be detrimental to us or which could cause embarrassment to us or the Arctic System, including, but not limited to, any abuse or harassment of our employees, agent or franchisees.

(p) voluntary or involuntary enter into bankruptcy or reorganization.

(q) sell a controlling ownership interest in you to a third party without receiving our prior written consent.

8.3 Effects of Expiration or Termination. Upon termination or expiration of this Agreement, regardless of the reason, you will cease all use of the Arctic Marks and confidential information. You may not establish any new or additional franchise or offer, assist or service any other party to establish or operate a unit franchise pursuant to this Agreement. You will cease all training, support and services to the Franchisees in the Area Representative Territory. You will abide by all post-termination covenants in this Agreement, including without limitation confidentiality, non-competition, and indemnity. You will no longer receive any portion of the initial franchise fees, transfer fees, or royalty fees received from Franchisees. We will be free to resell or transfer your rights under this Agreement and to market all types of franchises directly within the Area Representative Territory with no obligation to remit any of the revenues from sales or fees of those franchises to you. You must transfer lists of prospective franchisee leads and contacts to us. All your rights under this Agreement will cease and you will comply with terms and conditions of this Agreement related to its expiration or termination. You will have no further right to offer, sell, construct, equip, own, open or operate additional Unit Franchises which are not, at the time of termination or expiration, the subject of a then-existing Franchise Agreement between you and us. We then may offer, sell, construct, equip, open, own or operate, or license others to construct, equip, open, own or operate offices in the Area Representative Territory, except as provided in Franchise Agreements we have executed.

In the event of termination for any default by you, you will promptly pay to us all damages, costs and expenses, including reasonable attorneys' fees, we incur as a result of the default, which obligation will give rise to and remain, until paid in full, a lien in our favor against any and all your personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the franchised business.

Upon expiration or earlier termination of this Agreement, regardless of the cause for termination, you will immediately cease using our names, logos and trademarks and other marks, symbols or materials indicating that You was related to us in any way. You acknowledge that all such names, trademarks, logos and symbols are our exclusive property and that you have been allowed to use them only in connection with your work as our sales and service agent or our franchisee. You may use such names, logos, trademarks, marks, symbols and materials pursuant to the provisions of any relevant franchise agreements between the parties.

8.4 Assumed Name Registration. If you are required by statute, you will promptly upon the execution of this Agreement file with applicable governmental agencies or offices, a notice of your intent to conduct your business under the name "Arctic Elevation" (with such other identifying words, digits or symbols as we may prescribe).

Promptly upon the termination of this Agreement for any reason whatsoever you will assign to us or our designee any assumed name rights or equivalent registration filed with state, city, or county authorities that contains the Arctic Marks or any of our other names or marks. You will furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement. Or, at our option, upon notice, you will take action as required to cancel all your assumed name, fictitious or business name, or equivalent registrations relating to the use of all Service Mark and related assumed names. you will execute and file such documents as may be necessary to revoke or terminate such assumed name registration. If you fail to promptly execute and file documents necessary to effectively revoke and terminate assumed name registrations, you irrevocably appoint us as your attorney-in-fact to do so on your behalf.

8.5 Assignment of Telephone Numbers, Emails, and Online Presence. Effective upon the expiration or termination of this Agreement, you assign to us (or will immediately cease using, at our discretion) all business telephone and internet listings; website addresses and domain names; social media accounts; other online accounts or presence; and business email addresses you use in the operation of the franchise. You will assign to us all listings and registrations which contain the Arctic Marks in whole or in part and you will notify Verisign (Network Solutions), register.com, or other applicable domain name registrar and all listing agencies of the termination of your right to use any domain name, web page and other Internet device associated with us or the Franchise If you fail to promptly direct service providers in accordance with our instructions, then you irrevocably appoint us as attorney-in-fact to direct such providers to make such assignments. You grant us full authority to instruct the applicable service providers as to the use and disposition of business telephone and internet listings; website addresses and domain names; social media accounts; other online accounts or presence; and business email addresses you use in the operation of the franchise. You agree to release, indemnify and hold such service providers harmless from any damage or loss on account of following our instructions.

9. TRANSFER AND SUCCESSION

9.1 Assignment by Us. We may assign this Agreement or any of our rights and privileges to any other person, firm or corporation without your prior consent; provided that the assignee will expressly assume and agree to perform our obligations under this Agreement.

9.2 Assignment by You. Your rights and obligations under this Agreement are exclusive to you. Without our prior written permission, you will not voluntarily or involuntarily sell, transfer, assign, encumber, give or otherwise alienate the whole or any part of this Agreement or your rights to receive payments from us.

We have entered this Agreement in reliance upon and in consideration of your personal skill and qualifications and the trust and confidence we have in you or your principal officers or partners who will actively and substantially participate in your ownership and operation under this Agreement. Therefore, neither your interest in this Agreement nor any of your rights or privileges will be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner, without our prior written consent and subject to our right of first refusal described below.

(a) Our consent will not be unreasonably withheld, provided, however, that we may impose any reasonable conditions to the granting of our consent. Among other things, the imposition of any or all the following conditions to our consent to any assignment will be deemed to be reasonable:

(i) that the assignee (or the principal officers, shareholders, directors or general partners of the assignee in the case of a corporate or partnership assignee) demonstrate that they have the skills, qualifications and economic resources necessary, in our reasonably exercised judgment, to own and operate as contemplated by this Agreement and by all other agreements between the us and the assignee and all agreements proposed to be assigned to the assignee;

(ii) that the assignee expressly assumes in writing for our benefit all your rights and obligations under this Agreement and all franchise agreements executed pursuant to this Agreement;

(iii) that the assignee will have paid for and completed our training programs to our reasonable satisfaction;

(iv) that as of the date of assignment, the you will have fully complied with all your obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;

(v) that the assignee, if then our franchisee, is not then in default of any of his obligations to us;

(vi) that you or the assignee will pay to us a commission of 10% of the gross sale price if we obtain the assignee for you;

(vii) that you or the assignee pays us a transfer fee of **$15,000** (and 10% commission on the gross sale price if we find the franchise buyer for you) . This fee will be refunded only if we do not approve the assignee or the terms of the proposed transfer contract;

(viii) that, upon our request, the assignee must present to us a written operating plan for our approval, along with personal and business financial statements and credit references for all individuals who will have an interest in ownership. This plan must illustrate that operations can proceed reasonably and successfully, including proper amortization of the purchase price paid to you by the assignee;

(ix) we may require the assignee to execute a new Area Representative Agreement on the terms and conditions we then are offering to new or renewing area representatives. This new agreement may contain economic and performance terms different from those expressed in this Agreement; and

(x) All paperwork must be complete, the transfer approved and training successfully completed by the new area representative before the buyer may commence operations in the Area Representative Territory.

(xi) You must sign a general release in a form we approve.

(b) If you are a corporation, limited liability company, or a limited or general partnership, each of the following will be deemed an assignment of this Agreement within the meaning of this Section:

(i) the issuance of any securities by you which itself or in combination with any other transaction results in your owners or partners owning less than 80% of your outstanding ownership interests or voting power if you are a corporation, or of the voting power or interests in the property, profits or losses of a limited partnership;

(ii) the transfer of 20% or more in the aggregate of the ownership interests or voting power, by operation of law or otherwise; or

(iii) any merger, stock redemption, consolidation, reorganization or recapitalization involving you.

(c) You will not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without our express prior written permission. Permission may be withheld for any reason in our sole discretion.

9.3 Right of First Refusal. Except as expressly provided to the contrary, any assignment of this Agreement or of any interest in it will be subject to our right of first refusal. We may exercise our right of first refusal in the following manner:

(a) If you receive a bona fide offer from a third party acting at arm's length to purchase some or all your rights under this Agreement or an interest in ownership of you or substantially all your assets, which offer is acceptable to you or to your owners, we will have the right to purchase at the bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. At our option, we may pay the entire purchase price at closing.

(b) Within six days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. You will give us sufficient information and documentation to allow us to analyze the status and value of your business and all available information concerning the purchaser. This will include information concerning the employment history, financial condition, credit history, skill and qualifications of the purchaser and, in the case of a partnership or corporate assignee, of its partners and shareholders.

(c) If the interest which is the subject of the offer involves less than all the rights or ownership interests, then in our sole option, our right of first refusal will apply to all the rights or the entire ownership interest. In such case, the consideration to be received, as set forth in the offer will be divided by the percentage interest subject to the offer and the resulting quotient will be the price to be paid for the entire interest. Terms and conditions for the purchase of the entire interest will be as similar to the terms and conditions set forth in the offer as practicable.

(d) Within 30 days after our receipt of your notice (or if we request additional information, within 30 days after receipt of that additional information), we may either consent or withhold our consent to the proposed purchase, or, at our option, exercise our right to purchase.

(e) If we elect not to exercise our right of first refusal and consent to the purchase, you will be free to sell to the proposed purchaser subject to our prior written permission described in the subsection entitled "Assignment by You" above. The sale must be as specified in your notice and not at a lower price or on more favorable terms. If, however, we do not elect to exercise our right of first refusal and you materially change the terms of the sale, or if more than 90 days pass before the sale occurs, the changed terms or lapse of time will be deemed a new proposal and we will again have our right of first refusal with respect to any proposed assignment.

9.4 **Transfer by Individual Franchisee to Business Entity for Convenience**. If you are an individual, you may transfer your interest in this Agreement to a business entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if (a) the business entity is formed solely for purposes of operating the area representative franchise, and (b) you provide to Franchisor a copy of the business entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the business entity was formed. For transfers described in this subsection, you must reimburse the Franchisor's related costs and expenses.

9.5 **Transfer Among Owners; Transfer of Non-Controlling Interest**. If you are a business entity, your Owners may transfer their ownership interests in the business entity among each other, and may transfer less than 20% interest in the business entity to one or more third parties, if: (a) you have provided to Franchisor advance notice of the transfer, (b) *Attachment C* has been amended to reflect the new ownership; (c) each new Owner has signed a personal guaranty in the form of *Attachment D* and a confidentiality and non-competition agreement in the form of *Attachment E*; and (d) you pay to us a $2,500 transfer fee plus a reasonable training fee for any new owner (if required by us) and our and your transportation, meals and lodging costs related to the training.

9.6 **Your Death or Disability**. The following will apply in case of your death or incapacity if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning 50% or more of you if you are a limited liability company or corporation or other entity. The heirs, beneficiaries, devisees or legal representatives of that individual, partner, member or shareholder will do one of the following:

(a) Within 60 days of the event, apply to us for the right to continue to operate the franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all the conditions set forth in the subsection above entitled "Assignment by You," except that no transfer fee will be required. The relevant individual must successfully complete our training programs within 90 days after your death or disability.

(b) Within 180 days of the event, transfer your interest according to the provisions of the subsection above entitled "Assignment by You." If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection.

If the provisions of this section entitled "Your Death or Disability" have not been fulfilled within the time provided, at our option, all rights licensed to you under this Agreement will immediately terminate and revert to us.

10. NON-COMPETITION, CONFIDENTIAL INFORMATION, MARKS AND FILES

10.1 <u>You Will Not Compete Against Us</u>. During the term of this Agreement and for two years after it expires or terminates, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, lender to, lessee, lessor, or agent or serve in any other capacity in any Competitive Business (defined below). For purposes of this Agreement, "***Competitive Business***" means any business other than a Unit Franchise that: (a) offers medical-related products or services as primary items; (b) offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Arctic System; or (c) offers or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of businesses of the type described in the foregoing clauses (a) or (b).

During the term of this Agreement, there is no geographic limitation on the covenant not to compete. During the two-year period following expiration or termination, the covenant not to complete will be effective in the Area Representative Territory, within the Area Representative Territory, within 300 miles of the Area Representative Territory, within the territory of any other Arctic Elevation area representative, and within 45 miles of any other operation using our System or Arctic Marks or any other Arctic Elevation company-owned, affiliate-owned, franchised, or licensed operation.

This covenant not to compete is in addition to and not in lieu of your express agreements set forth in this Agreement to not use any trade secrets, confidential information or personal contacts except for the purposes of selling and servicing Arctic Elevation franchises.

You agree to promptly and fully disclose to us any business opportunity coming to your attention, or conceived or developed in whole or in part by you, which relates to our business.

We may require you to obtain written agreements from your owners, officers, directors, employees and agents to not compete against us and to not disclose our trade secrets and confidential information. These agreements must be in a form we approve.

You will assure that you and your owners, directors, officers, partners, shareholders, members, employees, consultants, and agents, during the term of this Agreement and for a period of two years after it expires or terminates, do not:

(a) divert or directly or indirectly attempt to divert any of business or any customers of the Arctic Elevation system to any competing establishment; or

(b) do or perform, directly or indirectly, any other act injurious or prejudicial to our goodwill associated with the Arctic Marks and our Arctic System.

You agree that given the relationship between the parties, the restrictions contained in the paragraphs above contain reasonable restrictions of time and scope of activity and that these restrictions do not impose any greater restraint than is necessary to protect our legitimate business interests. You also agree that the restrictions in the paragraphs above will not cause you undue hardship.

We may require you to obtain written agreements from your employees and agents to not compete against us and to not disclose our trade secrets and confidential information. Such agreements will be in a form approved by us.

Non-Contravention; Non-Disparagement. You shall not undertake any action or inaction to circumvent, contravene, or undermine the purposes of this Agreement. Additionally, during and after the term of this Agreement, you shall not make any negative, disparaging, false or misleading statements, published or made orally, in any form or medium about us, our officers, owners, partners, directors, members, managers, representatives, agents or employees, or our franchise system, our products and services, or our franchisees.

Tolling of Covenant. If you compete during the term of non-competition, this non-compete time period will be extended for the period of your competition plus an additional **6** months.

If for any reason, any provision of these covenants not to compete are determined to exceed any lawful scope and limit as to duration, geographic coverage, or otherwise, it is agreed that provision will nevertheless be binding to the full scope or limit allowed by applicable laws. The duration, geographic coverage and scope allowable by law or court of law will apply to this Agreement.

You and we stipulate that, in light of all the facts and circumstances of the relationship between you and us, the covenants, restrictions and agreements referred to in this Section (including without limitation their scope, duration and geographic extent) are fair and reasonably necessary for the protection of our confidential information, goodwill and other protectable interests. If a court of competent jurisdiction should decline to enforce any of those covenants and agreements, you and we request the court to reform these provisions to restrict your use of confidential information, non-solicitation, ability to compete with us, and any other covered topics to the maximum extent, in time, scope of activities, and geography, the court finds enforceable under applicable law.

10.2 Confidential Information.

10.2.1 You specifically acknowledge that you will receive valuable specialized and confidential information ("***Confidential Information***"), including information we provide in any format (such as verbal, written, or electronic) regarding our operational, sales, promotional and marketing methods and techniques, operating procedures, processes, practices, lists of suppliers, customer lists, manuals, marketing and sales techniques and strategies, and the Arctic System. You agree not to copy, download, fax, e-mail, mail or send any Confidential Information or divulge any such information directly or indirectly to any other person or enterprise outside of the Arctic Elevation system. During the term of this Agreement and after it expires or is terminated, you will never divulge or use in any other manner, either for your benefit or the benefit or any other person, persons, partnerships, associations, companies or corporations, any Confidential Information.

You will not communicate or divulge to any person or entity the contents of our internal financial statements, executed franchise agreements, operations manuals, or any other non-public information related to the operation of our franchise business. You may communicate such information to employees and agents hired by You. You will cause such employees and agents to execute legally enforceable and binding agreements (in a form satisfactory to us) to not communicate or divulge such information. Under no circumstances will You or your agents communicate or divulge to any person or entity any confidential information or trade secrets relating to our franchise business.

10.2.2 Notwithstanding the foregoing, any information that:

(a) is or becomes generally available to the public or a third party other than as a result of a disclosure by you, your employees, agents or contractors;

(b) you demonstrate was within your possession prior to its being furnished to you by or on behalf of us; or

(c) you received on a non-confidential basis from a source other than us or our representatives, so long such source is not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, us or any other party with respect to such information;

will not be deemed Confidential Information under this Agreement.

10.2.3 Our Confidential Information is licensed, not sold, to you.

10.2.4 You agree to fully and strictly adhere to all security procedures we prescribe for maintaining the confidentiality of Confidential Information. You agree to disclose Confidential Information to your employees only to the extent necessary to perform the franchise business.

You will assure that you and all your agents, employees, consultants, partners, owners, members, officers, directors, and shareholders and other persons in your control, to whom any information is communicated, will keep, preserve, and protect all Confidential Information.

You will require as a condition of the employment of your employees and anyone else providing services to you that they maintain and protect our Confidential Information, including the signing of a confidentiality and non-disclosure agreement. While we may share a sample form with you, you are solely responsible for ensuring that any form of agreement you use complies with applicable laws. You will be responsible to enforce these covenants and agreements by your employees. These covenants are for the benefit of us and the Arctic Elevation franchise system and are also enforceable by us. We may require you to describe us as a third-party beneficiary on confidentiality and non-disclosure agreements you use (to the extent permitted by applicable law). If you become aware of any actual or threatened violations of these covenants by any of your employees and anyone else providing services to you, you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any violation. This may include institution or permitting to be instituted in your name any demand, suit or action that we determine is advisable. The demand, suit or action may be maintained and prosecuted by us and you at your expense.

The Wellness Center Rules may contain guidelines to protect Confidential Information and trade secrets, including limited access to the information on a need-to-know basis, locking of offices and computer files, placement of appropriate legends on materials, limited access for copying and scanning, password protection, and encryption. You will conduct periodic meetings with your managers and employees to instruct them on their responsibilities to maintain the confidentiality of our Confidential Information.

10.2.5 You will not reverse engineer, decompile or disassemble any item that embodies Confidential Information.

10.3 Stop Using Arctic Marks Upon Expiration or Termination. Upon expiration or termination of this Agreement, whatever the cause for termination, you will immediately cease using the Arctic Marks and any confusingly similar names, logos, service marks, or trademarks. You acknowledge that all these are our exclusive property and that you are allowed to use them only in connection with the license granted by this Agreement.

10.4 Sharing of Files and Documents. Upon reasonable demand, each party will immediately deliver to the other copies of the original files created by or otherwise in that party's possession related to the development, promotion, negotiation, and sale of Arctic Elevation franchises and the selection and establishment of franchise locations in the Area Representative Territory. Each party has an ongoing, vested interest in these files and documents to allow the other party to establish the reasonableness and legality of its acts and activities. You agree to use these files and documents for that purpose, and for the purpose of pursuing franchise sales for us, and for no other purpose or reason. The parties agree to allow each other reasonable access to and the right to copy all such files and documents at reasonable times to accomplish these purposes.

10.5 Your Acknowledgments. You acknowledge the following regarding the covenants contained in this Section 10: (1) the time, content and geographical restrictions are fair and reasonable; (2) your observance of the covenants will not cause you any undue hardship or impair your ability to obtain employment commensurate with your abilities; and (3) your knowledge of the Arctic System would cause our franchise system serious injury and loss if you use the knowledge to the benefit of a competitor or to compete with us or our franchisees.

10.6 Lawful Scope. If, for any reason, any provision set forth in this Section 10, or any similar covenant in this Agreement, exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by applicable law or court of law will apply as if the resulting covenant were separately stated in this Agreement. You further acknowledge and agree that we will have the right, at our sole discretion, to reduce the scope of any of the aforementioned covenants. We may do so without your consent, effective immediately upon our written notice to you. You must comply with any covenant that pertains to you as we so modify it.

10.7 Damages. You agree that any violation by you of any of the covenants in this Section 10 will entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including wages, salary, and profits, received by you in connection with such violation, which will be held by you in constructive trust for us.

11. ENFORCEMENT

11.1 Choice of Law. This Agreement is accepted by us in the State of Washington. This Agreement and the relationship between the parties will be interpreted under the laws of the State of Washington. Any dispute between you (or your officers, directors, shareholders, members, partners or other owners) and us, whether arising under this Agreement or from any other aspect of the parties' relationship, will be governed by and determined in accordance with the substantive laws of the State of Washington, without regard to Washington choice of law provisions. Washington laws will prevail in the event of any conflict of law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws.

Notwithstanding the foregoing, any law of the State of Washington that regulates the 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. No franchise or business opportunity, antitrust, implied covenant, unfair competition, fiduciary or any other doctrine of law statute, law or regulation of Washington or any other state is intended to be made applicable to this Agreement unless it would otherwise apply absent this Section. The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Washington, will be construed and enforced according to the laws of that state.

11.2 Venue for Dispute Resolution. If a claim is asserted in any legal proceeding involving you (or your officers, directors, shareholders, members, partners or other owners) and us, the parties agree that all issues or disagreements between them will be mediated, arbitrated, tried, heard, and decided (as applicable) in the county in which our headquarters is then located (currently King County, Washington) which the parties agree is the most convenient venue for these purposes. The parties agree that this venue is reasonable and the most beneficial to the needs of all the members of the Arctic Elevation franchise system.

11.3 Disputes. The mediation and arbitration (if applicable) provisions of this Agreement will apply to all other controversies, disputes, or claims between the parties (and/or their respective affiliates, owners, officers, directors, LLC managers, agents, guarantors, and/or employees) arising out of or related to: (a) this Agreement or any other agreement between us and you; (b) the franchise relationship between us and you; (c) the offer and sale of the franchise; (d) the validity of this Agreement or any other agreement between us and you; or (e) any Arctic System standard (referred to herein as "***Dispute(s)***").

Any dispute arising out of or relating to this Agreement will first be the subject of amicable, good-faith negotiation between the parties. You must first bring any claim or dispute between you and us to our management, prior to mediation, arbitration, or commencing any legal action against us or our affiliates with respect to any claim or dispute. You must submit a written notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute pursuant to the notice provisions set forth in this Agreement. You must pursue this internal dispute resolution procedure before commencing mediation, arbitration and/or litigation. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

11.4 Mediation. If good faith negotiations do not resolve a Dispute, then before taking any other legal action with respect to any Dispute, the parties agree to participate in good faith mediation in accordance with the mediation procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial franchise business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

Mediation may be specifically enforced by either party. This agreement to mediate will survive termination or expiration of this Agreement.

The mediation provisions of this Agreement do not apply to controversies, disputes, or claims related to or based on (1) improper use of the Arctic Marks [including those based on the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.)] or any of the Franchisor's other intellectual property; or (2) the violation (or alleged violation) by you or any related entity or individual of any of the covenants in this Agreement related to confidentiality, non-use, and non-disclosure of our Confidential Information, non-diversion of business, non-competition, and related covenants (including but not limited to such covenants in Sections 10.1 and 10.2 of this Agreement, which are entitled "You Will Not Compete Against Us" and "Confidential information").

Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintain any arbitration or legal action, including any action to interpret or enforce this Agreement.

Our officers, directors, shareholders, members, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution and mediation provisions set forth in this Section, each having authority to specifically enforce the right to amicably resolve and mediate claims asserted against such them by your or anyone associated with you.

11.4 Injunctive Relief. Either party may seek to obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

11.5 Attorney Fees. We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your default under this Agreement. If either event occurs, we may recover from you the amount of our reasonable attorney fees and all other expenses we incur in collecting or enforcing that obligation or in defending against that claim, demand, action or proceeding.

The prevailing party in any arbitration, suit, or action to enforce this Agreement will recover its arbitration and court costs and reasonable attorney fees. These will be set by the arbitration or court, including costs and attorney fees on appeal from the arbitration, suit, or action.

12. MISCELLANEOUS PROVISIONS.

12.1 Indemnification. You agree to protect, defend and indemnify us, and all our past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorney fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with any aspect of your area representative franchise operations, including your actions or omissions in furtherance of your obligations under this Agreement. This indemnity will apply to claims that we were negligent or failed to train, supervise or discipline you, and to claims that you, your owners, employees, brokers or your independent contractors are our employees, agents or part of a common enterprise with us, including claims regarding violations of labor or employment laws or regulations. The obligations under this subsection will survive the expiration or termination of this Agreement.

You and your principals agree to indemnify, defend and hold us, our affiliates and the respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of the franchised business, including the use, condition, or construction, equipping, maintenance or operation of the franchise premises and your advertising and all warranty claims; (ii) the unauthorized use of the Service Marks and other proprietary materials; (iii) the transfer of any interest in this Agreement or the franchised business or Franchise Premises in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of us, the Method of Operation or any franchisee or developer operating in our franchise system, by you or by any of your principals. For purposes of this indemnification, "Claims" means and includes all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through you to us. We have the right to defend any claim against us in the manner we deem appropriate or desirable in our sole discretion. Such an undertaking by us will, in no manner or form, diminish your and each of your principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

12.2 Insurance. Upon commencement of your area representative operations, and during the term of this Agreement, you will obtain and keep in force by advance payment of premium appropriate general liability insurance. This insurance will be written by a financially responsible insurance company satisfactory to us in accordance with our standards and specifications in the Wellness Center Rules. The insurance will include, at a minimum, the following:

(a) Comprehensive general liability insurance, including property damage, contractual liability, independent contractor liability, owned and non-owned and hired automobile coverage, and personal injury coverage with a combined single limit of at least **$2,000,000** including umbrella coverage.

(b) Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.

(c) Employer Practice liability insurance.

(d) Errors and omissions insurance.

(e) Cyber insurance.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, personal injury, death or property damage that may accrue due to your operations. Your policies of insurance will contain a separate endorsement naming us as an additional named insured unless we specify otherwise in writing. The insurance will not be limited in any way because of any insurance we maintain. The insurance will not be subject to cancellation except upon 20 days' written notice to us. Certificates of your insurance policies will be kept on deposit with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

All insurance policies you obtain will contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each the policy will be treated as though a separate insurance policy had been issued to each named insured.

All policies will list us and our subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds and contain a waiver of subrogation in favor of us and any parties we designate and will be primary and non- contributory to any insurance we might carry. We reserve the right to modify required insurance coverage during the course of this Agreement based on changes in risk factors.

You must provide to us copies of any insurance claims or insurance cancellations within 24 hours of your receipt of the claims or cancellations. You have a 24-hour opportunity to cure any lapses in insurance coverage. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to us. You must submit a certification of insurance which demonstrates compliance with this Section.

Third Party Subcontractors - Insurance. You will not to permit any third-party subcontractor to perform any work or offer any services on your behalf in respect of the franchised business unless the subcontractor maintains insurance coverage in such amounts and types as you are required to maintain under the provisions of this Section, with the specific addition that subcontractors cannot exclude principals from its Workers' Compensation coverage and that liability policies name us as an additional insured. You will maintain evidence that such insurance by its subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

If you fail to comply with any of the requirements of this subsection, we may, but are not obliged to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make or any claim made against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper coverage elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be more expensive than insurance you can obtain on your own and might not satisfy your needs. You will pay us upon demand the premium cost of this insurance with interest on the unpaid balance at the lesser of 18% per annum or the highest amount permitted under applicable law.

You will promptly report all claims or potential claims against you, your business operations or us in writing when you become aware of them. You will give immediate written notice to us of any claims or potential claims you make to your insurers.

We may, at our sole discretion, upon not less than 90 days prior written notice to you, secure a policy of insurance which will provide defined insurance coverage to all or any part of our franchise system. This policy may replace or supplement the insurance coverage you are required to maintain. You will pay the relevant insurance premium to us or the designated insurance provider, as we direct.

Nothing contained in this Agreement will be construed as a representation or warranty by us that the insurance coverage we specify will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of your franchise. It is your sole responsibility to ensure that adequate insurance coverage is obtained for your business activities.

Your procurement and maintenance of the insurance specified above will not relieve you of any liability to us under any indemnification requirement of this Agreement.

12.3 **No Damages for Delay**. We will not be liable to you for any damages, including but not limited to lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses you incur by reason of any delay in the delivery of our Franchise Disclosure Document to you or any prospective Franchisee.

12.4 **Waiver and Consent**. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition.

Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Any waiver we grant will not prejudice any other rights we may have, and will be subject to our continuing review. We may revoke any waiver, in our sole discretion, at any time and for any reason, effective upon delivery to you of 10 days prior written notice of revocation. Customs or practices of the parties in variance with the terms of this Agreement will not constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Our delay, waiver, forbearance, or omission to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, will not affect or impair our rights and will not constitute a waiver by us of any right or of the right to declare any subsequent breach or default. Our subsequent acceptance of any payment due to us will not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

By written notice, we unilaterally may waive any obligation of you or your owners.

Our consent, whenever required, may be arbitrarily withheld if you are in breach of this Agreement.

The following will not constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by us of our right at any time to require exact and strict compliance with the provisions of this Agreement or of the franchise agreements:

(a) Waiver by us of any breach or series of breaches or defaults in your performance;

(b) Our failure, refusal or neglect to exercise any right, power or option given to us under this Agreement or under any franchise agreement between you and us; or

(c) Our failure, refusal or neglect to insist upon strict compliance with, or performance of, your obligations under this Agreement or any other franchise agreement between you and us.

This applies to this Agreement and to any franchise agreement between the parties whether entered into before, after or contemporaneously with the execution of this Agreement.

12.5 Survival of Covenants. The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

12.6 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to your benefit and your heirs, executors, administrators, successors and assigns, subject to the restrictions on assignment contained in this Agreement.

12.7 Joint and Several Liability. If you consist of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

12.8 Entire Agreement. This Agreement supersedes all prior and contemporaneous understandings and agreements, whether written or oral, if any, with respect to its subject matter. This Agreement may not be modified, amended, changed, supplemented or terminated, nor may any obligations under it be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted in this Agreement.

Notwithstanding the foregoing, nothing in this Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document you received related to this Agreement.

12.9 **Time of Essence**. Time is of the essence of this Agreement.

12.10 **Titles for Convenience**. Section titles used in this Agreement are for convenience only and will not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

12.11 **Severability**. Nothing contained in this Agreement will require the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail. In such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

12.12 **Counterparts and Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which will be deemed an original and all which together will be deemed the same instrument. Execution of this Agreement and any of its attachments via DocuSign or other reputable e-signature services will constitute effective and valid execution.

12.13 **Notices**. All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered by Federal Express, or other reputable air courier service, requesting delivery with receipt on the most expedited basis available. They may be sent by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by either requesting confirmation by receipt verification, which verification will not be withheld or otherwise denied, or by sending an original confirmation copy by expedited delivery service or certified or registered mail within **3** business days after transmission). Notices will be delivered to your attention at the Franchise Premises, to us at our headquarters or to other locations specified in writing.

Notices may be delivered and receipted to you personally at any location.

Notices sent by certified or registered mail will be deemed to have been delivered and received **3** business days following the date of mailing. Notices sent by Federal Express, or other reputable air courier service will be deemed to have been received **one** business day after placement requesting delivery on the most expedited basis available. Notices sent by facsimile or electronic mail will be deemed to have been delivered upon transmission (provided confirmation has been requested by receipt verification, or confirmation is sent by expedited delivery service or registered or certified mail as provided above).

12.14 **Effectiveness of Agreement**. The submission of this Agreement does not constitute an offer. This Agreement will not be binding on us unless our authorized officer signs it. This Agreement will not become effective until after you have received from us all disclosure documents as may be required by applicable law and after legally required waiting periods.

12.15 **Release of Prior Claims**. By executing this Agreement, you, individually and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever releases and discharges us and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under state and federal franchise, securities or antitrust laws.

12.16 We May Investigate. We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, shareholders, members and partners. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

12.17 Force Majeure. The failure of any party to perform under this Agreement will be excused, if the failure to perform is caused by a Force Majeure provided the party so affected will give the other party immediate written notice of the cause of nonperformance, will use its best efforts to avoid or remove the cause, and will continue performance under this Agreement whenever the cause is removed. “Force Majeure” includes, without limitation, any event caused by or resulting from conditions that are beyond the reasonable control of a party whose performance is affected and occurring without the party’s fault or negligence. Examples of events of Force Majeure include, without limitation, an act of God; labor strike or other industrial disturbance; revolution; riot; civil commotion; acts of public enemies; catastrophe; failure of third party suppliers not under a party’s control; transportation delay; war; insurrection; epidemic or pandemic; fire; hurricane; flood; earthquake or other natural disaster; adverse acts of any government; materials or labor shortage; failure of third party suppliers; social unrest or upheaval; economy/fiscal emergency or crisis; banking system delays or failure; abnormal inflation or deflation; delay or an act or failure to act of the other party; accidental, negligent, or purposeful act or failure to act by a party or by any third person that materially damages or diminishes the value of the Marks (e.g. Dickey’s Toxic Tea); etc.

12.18 Relationship of the Parties.

12.18.1 Independent Contractor Relationship. You will function only as an independent contracting franchise sales and service agent for us. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind or obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment or partnership except as otherwise outlined in this Agreement. Each will hold the other safe and harmless from and defend the other in any litigation concerning the other's debts, acts, omissions, liabilities and representations.

In all public and private records, documents, relationships, and dealings, you will indicate that You is an independent contractor operating pursuant to this Agreement. You will prominently indicate on all letterheads, business forms, and the like that you are our independent contracting franchise sales and service agent.

You will maintain records in such a manner as to clearly indicate that you and your employees are not our employees. You will not hire or contract with anyone to function as a sales agent, as a franchise sales administrator, as a service provider or as an employee without our advance written approval, which approval will not be unreasonably withheld. Each request for advance written approval will be decided promptly by us and, whenever a request is denied, we will provide you with a written explanation of the reasons for the denial. We may require you to deliver to us information and documentation as to any such person's business background, financial qualifications and character as we may reasonably require from time to time.

You will pay all development, travel, tax, operating, sales, and other costs and expenses directly or indirectly incurred by you in fulfilling your obligations under this Agreement. You will hold us harmless for any and all such costs and expenses.

You will pay for promotional materials and advertising you initiate related to the development, promotion and sale of Franchises. The contents, timing, and method of placement of all promotional materials and advertising will be subject to our advance written approval. We will have complete and arbitrary discretion over promotional materials and advertising.

12.18.2 Display. In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the area representative franchise. You will prominently indicate on your letterheads, business forms, business cards, email signatures and similar mediums that you are our licensed franchisee by using language saying that you operate an independently owned area representative franchise.

12.18.3 Your Employees.

(a) You will control your own employees and independent contractors. We will not have the power to hire, fire, direct, supervise, or discipline them. You will maintain complete and accurate employee records and clearly document, in all relevant ways, that you and your employees are not our employees. You acknowledge and agree that poorly trained, sloppy, or unclean employees and contractors, incompetent or discourteous service, and similar issues are damaging to the goodwill of the Service Marks and detrimental to you, us, and our other franchisees.

(b) You must comply with all state and federal laws in respect to your employees. You acknowledge that you have had ample opportunity to investigate these and other laws applicable to your business with your own independent legal counsel before signing this Agreement. You must indemnify and hold us legally harmless from any of your violations of such laws. You are exclusively responsible to create and use employee and human resources handbooks and manuals that you prepare specifically for your business operations tailored to the legal jurisdictions within which you operate with the advice of HR professionals and legal advisors you select.

(c) You exclusively determine the wages and payment rates and methods of payment to your employees and independent contractors. You must pay special attention to federal and state wage and hour laws with respect to your employees.

(d) You are exclusively responsible to monitor, supervise, and control the scheduling, performance, efficiency, and efficacy of your employees and independent contractors and to make adjustments to improve the results of their efforts.

(e) You will conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle, medical and/or credit histories) that we require and that you determine to be necessary and appropriate, prior to hiring. You will not hire any prospective employee if the background review indicates in your sole discretion, a propensity for violence, dishonesty, negligent, reckless or careless behavior, or a conviction for any material crime. Notwithstanding the foregoing, all matters of employment and the safety of your customers are within your exclusive discretion and control. We will not be liable to you, any employee or prospective employee of yours, or any third party for any act or omission of your or any employee or agent of yours, and your indemnification obligations set forth in this Agreement apply to any claims, demands or actions against us arising from any act or omission by you or any employee or agent of yours (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any of your employees or agents)

(f) You must indemnify and hold us legally harmless from any of your violations of federal or state labor laws or similar laws. You acknowledge that you have had ample opportunity to investigate these and other laws applicable to your business with your own independent legal counsel before signing this Agreement.

(g) You must place a prominent, boldface statement at the top of your employee applications that the applicant is applying to work for you, not for us. We do not provide sample employment applications for your use with your employees. You should acquire such forms from independent sources of your choice.

(h) You must display your entire business entity's name, not just the licensed brand, on your payroll checks.

12.19 Personal Guaranty and Confidentiality and Non-Competition Agreement. If you are a business entity, all your owners will either sign this Agreement as direct parties or sign personal guaranties and confidentiality and non-competition agreements in the forms attached as *Attachment D* and *Attachment E* at the time this Agreement is signed. We may also require anyone who attends our training program and your officers, directors, and persons occupying similar positions who may obtain or who are likely to obtain knowledge concerning our Confidential Information to execute a confidentiality agreement (and non-competition agreement to the extent permitted by applicable law) with us or you. It is solely your responsibility to ensure that any agreement you use complies with applicable laws.

12.20 Your Representations and Warranties. You make the following representations and warranties to us:

12.20.1 Receipt of Disclosure Documents. You have received our Franchise Disclosure Document (for the area representative franchise offering) at least 14 calendar days before signing any area representative franchise or related agreement or making any payment to us or an affiliate. In addition, you either:

(a) received this Agreement containing all substantive terms at the time of delivery of the Franchise Disclosure Document; or

(b) if we unilaterally or materially altered the terms and conditions of our standard franchise agreement or any related agreements attached to the Franchise Disclosure Document (after registration in your state if required by law), you received a complete and final copy of this Agreement and its exhibits not less than seven calendar days before you signed this Agreement.

12.20.2 You Have Read and Understand this Agreement. You have read and understand this Agreement and our Franchise Disclosure Document. You have had the opportunity to receive advice from legal and other advisors of your own choosing regarding all pertinent aspects of this franchise and the franchise relationship created by this Agreement. You believe you have made a good decision based upon what you believe is your ability to run and control a business of your own.

You have full and legal capacity to enter into this Agreement and that it will not violate any provision or restriction in any contractual relationship you or your owners have with any third party.

12.20.3 Business Risks. Your success is speculative and depends, to a large extent, upon your ability as an independent businessperson. You recognize that the business venture contemplated by this Agreement involves business risks. We do not make any representation or warranty, express or implied, as to your potential success.

12.20.4 Your Independent Investigation. You are entering into this Agreement after conducting your own independent investigation of us and our franchise system. You have investigated the potential of the market area in which you are to establish and operate your area representative franchise and applicable laws and regulations.

12.20.5 No Review of Business Plans, Loan Applications. Prior to your execution of this Agreement, we have not given you any advice or review of any of your business plans or third-party loan applications related to your purchase of and proposed operations. We have strongly recommended that you retain and work with your own independent accountant and financial advisors to fully review all financial aspects of your potential investment for you. We have not and will not provide financial assistance to you and that we have made no representation that we will buy back from you any products, supplies, or equipment you purchase in connection with your franchise.

12.20.6 Health and Full-Time Participation. You acknowledge that an Arctic Elevation business involves hard work and sometimes long hours, similar to most businesses that are owner-operated. We have not represented that this business is going to be easy for you, your partners, officers or directors. You or your majority owner if you are a corporation, limited liability company or partnership, must actively participate in the daily affairs of the business. You or your majority owner is in good health and able to devote full time and best efforts in the day-to-day operations of your area representative franchise.

12.20.7 Terrorism, Convictions, Immigration Status.

(a) Neither you, nor your spouse, nor your children, nor your parents, nor any employee nor prospective employee of the franchise business, nor anyone who has an interest in or who will manage the franchise, nor any of your partners or affiliates (“***Interested Party(ies)***”): supports terrorism; provides money or financial services to terrorists; receives money or financial services from terrorists; or is engaged in terrorism, or any activity, organization, or plan with a terrorist. For purposes of this Agreement, “terrorist(s)” includes any person or organization on any current U.S. government list of persons and organizations that support terrorism as provided by law. You represent that neither you nor any Interested Party is on any such list(s).

(b) Neither you nor any Interested Party has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with, lawfully reside in, and travel to the United States to fulfill your obligations under your agreements with us.

(c) You and all Interested Parties are in the United States lawfully, have legal residence in the United States, and are lawfully permitted to work in the United States.

12.20.8 Supplier Approval. While you may propose alternate suppliers for products and services, the proposed suppliers may not qualify. Our approved suppliers may be the only source of supply for products and services required in the Arctic Elevation franchise system.

12.20.9 No Representations, Projections, or Warranties. No officer, employee, or agent of ours has any authority to make any representation or promise not contained in this Agreement or in our Franchise Disclosure Document. You agree that you have executed this Agreement without reliance upon any such representation or promise.

12.20.10 Release of Prior Claims**.** By executing this Agreement, you, on behalf of yourself and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, forever release and discharge us, our past and present employees, agents, members, area developers, officers, and directors, including any of our parent, subsidiary and affiliated entities, their respective past and present employees, agents, members, officers, and directors, from any and all claims relating to or arising out of any franchise agreement between the parties executed prior to the date of this Agreement, and all other prior claims relating to any prior dealings between any of the parties apart from those specifically related to this Agreement. However, this release does not apply to any claim you may have arising from representations in our Franchise Disclosure Document, or its exhibits or amendments.

IN WITNESS WHEREOF, this Agreement has been executed on the day and date first set forth above.

ARCTIC FRANCHISING LLC ("***we/us***")	______________________ and ______________________ (jointly and severally "***you***")
By: ______________________	By: ______________________ ______________, an individual
Name: ______________________	
Title: ______________________	By: ______________________
	Name: ______________________
	Title: ______________________

<u>Area Representative Agreement - *Attachment A*</u>

AREA REPRESENTATIVE TERRITORY

The Area Representative Territory is described as follows: ____
____
___.

<u>Area Representative Agreement - *Attachment B*</u>

DEVELOPMENT SCHEDULE

1. **<u>Franchise Development</u>**. You agree to develop a total of ________ (__) Franchises in accordance with the terms of this Agreement. Franchises you own and operate will count toward the Development Schedule.

2. **<u>Development Obligations</u>**. You agree to develop each Franchise specified on or before the specified opening date shown below and to have open and in operation in the Are Representative Territory on or before each opening date the cumulative number of Franchises shown below:

Franchise Number	**Deadline for Franchise Opening**	**Cumulative Number of Franchises to Be Open and in Operation No Later Than the Opening Deadline**

[ALTERNATIVE: You must develop at least one Franchise during the first full calendar year during the term of this Agreement and ____ additional unit franchises over the subsequent ____ calendar years.

Any additional development beyond ___ unit franchises will require our written approval and an evaluation of the Area Representative Territory by us. Approval will be at our sole discretion for any reason or for no reason.]

Franchisor: ARCTIC FRANCHISING LLC, a Washington limited liability company

By: ____________________________

Name: ____________________________

Title: ____________________________

Area Representative:

Entity Name and State of Formation: ____________________________________

By: ____________________________

Name: ____________________________

Title: ____________________________

Individuals:

Signature: ______________________________

Printed Name: ______________________________

Signature: ______________________________

Printed Name: ______________________________

Signature: ______________________________

Printed Name: ______________________________

<u>Area Representative Agreement - *Attachment C*</u>

ENTITY INFORMATION

If the franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of ___________________, 20___.

(1) Franchisee is a ______________________________, formed under the laws of the State of ____________.

(2) You will provide to Franchisor concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly will provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

NAME	**ADDRESS**	**NUMBER OF SHARES OR PERCENTAGE INTEREST**

(5) The address where the Franchisee's financial records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is: ____.

ARCTIC FRANCHISING LLC	**FRANCHISEE**
	________________________________
By: ________________________________	By: ________________________________
Name: ______________________________	Name: ______________________________
Title: _______________________________	Title: _______________________________

Area Representative Agreement - *Attachment D*

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "**Guaranty**") is given this ______ day of ____________________, 20___, by ____

____

____, jointly and severally (collectively, the "**Guarantors**").

1. General. In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (including its exhibits) of even date (the "**Agreement**") by ARCTIC FRANCHISING LLC, a Washington limited liability company (the "**Franchisor**"), with ____________________________ a ________________ [corporation/limited liability company] (the "**Franchisee**"), each of the undersigned personally and unconditionally (a) guarantees to the Franchisor, and its successor and assigns, that the Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement and its exhibits, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including but not limited to the provisions related to confidentiality and non-disclosure of confidential information, non-competition, use of trademarks and other intellectual property, monetary obligations, dispute resolution, and indemnification. In this Guaranty, "Agreement" includes the Franchise Agreement and its exhibits and attachments as presently constituted and as they may be renewed, extended or modified.

2. Certain Waivers. Each of the undersigned waives: (1) acceptance and notice of acceptance by the Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right the undersigned may otherwise have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action under this Guaranty or for the collection of any indebtedness or the performance of any obligation guaranteed by this Guaranty.

3. Certain Consents and Agreements. Each of the undersigned consents and agrees that: (1) each Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, the Franchisee and the other owners of the Franchisee; (2) the undersigned will render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (3) the liability of each of the undersigned is not contingent or conditioned upon pursuit by the Franchisor of any remedies against the Franchisee or any other person (including others of the undersigned); (4) the Franchisor may proceed against the Guarantor without having commenced any action, or having obtained any judgment, against the Franchisee; (5) the liability of each of the undersigned will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which the Franchisor may grant to the Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims; and (6) this Guaranty will continue unchanged by the occurrence of any bankruptcy with respect to the Franchisee or any assignee or successor of the Franchisee or by any abandonment of the Agreement by a trustee of the Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy

for the enforcement of this Guaranty will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of the Franchisee or its estate in bankruptcy or of any remedy for the enforcement of this Guaranty, resulting from the operation of any present or future provision of the U.S. Bankruptcy Code or other statute, or from the decision of any court or agency.

4. Miscellaneous.

4.1 Guarantor further agrees to reimburse the Franchisor for all costs and expenses which the Franchisor may incur in the enforcement of any of its rights under this guaranty, including reasonable attorneys' fees.

4.2 Nothing in this guaranty will be deemed or taken to be a condition or limitation of any of the rights of the Franchisor against the Franchisee.

4.3 This guaranty will continue in full force and effect until all the obligations of the Franchisee have been satisfied.

4.4 The terms and provision of this guaranty will be biding upon and inure to the benefit of the successors and assigns of the Guarantor and Franchisor.

4.5 No provision of this Guaranty or right of Franchisor hereunder can be waived or modified, nor can Guarantor be released from Guarantor's obligations hereunder, except by a writing duly executed by Franchisor.

4.6 This Guaranty may be assigned by Franchisor concurrently with the transfer or assignment of the License Agreement, and, when so assigned, Guarantor will be liable to the assignees without in any manner affecting the liability of Guarantor hereunder.

4.7 Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

4.8 This Guaranty will be governed by and construed in accordance with the laws of the State of Washington. In any action brought under or arising out of this Guaranty, Guarantor hereby consents to the jurisdiction of any competent court within the must take place in the county in which Franchisor's headquarters is then located (currently King County, Washington) and hereby consents to service of process by any means authorized by Washington law.

4.9 This Guaranty will constitute the entire agreement of Guarantor with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof will be binding upon Franchisor unless expressed herein.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S):	PERCENTAGE OWNERSHIP IN FRANCHISEE:
Signed: ______________________________ Print Name: ___________________________	______%
Signed: ______________________________ Print Name: ___________________________	______%

SCHEDULE 2 TO THE FRANCHISE AGREEMENT

This does not apply in Maryland, or Washington. Mayland and Washington franchisees do not complete this Questionnaire

ADDITIONAL REPRESENTATIONS AND TERMS

Arctic Franchising LLC, a Washington limited liability company ("we/us") and __________________________ ______________ (jointly and severally "you") are parties to a Franchise Agreement dated ________________, 202____ (the "Franchise Agreement").

In consideration of the mutual covenants and commitments expressed in this Exhibit, we and you further agree as follows to add information about the franchise sales process and to confirm any additional commitments or terms beyond those contained in the Franchise Agreement including any oral statement, representation, promise, or assurance made during the negotiations for the purchase of an *Arctic Elevation*® franchise by any of our directors, officers, employees, agents, or representatives (each, a "Representative").

I. FRANCHISE LOCATION

Reliance on Representatives in Site Selection

We or our Representatives have made the following representations about the value of the Site or what volume of sales or net earnings the Site will or should generate as an *Arctic Elevation* franchise:

II. LEASE TERMS

Reliance on Representatives

We or our Representatives have made the following representations or opinions related to execution of the lease or contract to purchase of the site:

III. FRANCHISE

A. Description of Representations

1. We or our Representatives have made the following representations, promises, agreements, contracts, commitments, understandings, "side deals" or other promises with respect to any matter not expressly contained in the Franchise Agreement. This includes the following representations or promises regarding advertising, marketing, site location, operational assistance, or other services:

2. We or our Representatives have made the following oral, written, or visual claims or representations, promises, agreements, contracts, commitments, understandings or otherwise which add to or contradict or are inconsistent with the Disclosure Document or the Franchise Agreement:

3. We or our Representatives have made the following oral, written, visual, or other claims or representations which state or suggest any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document – including Item 19:

4. We or our Representatives have made the following statements, promises or assurances concerning the likelihood of success that you should or might expect to achieve from developing and operating an *Arctic Elevation* franchise:

5. We or our Representatives have made the following statements, promises or assurances concerning the advertising, marketing, training, support services or assistance that we will furnish you that is in addition to**,** contrary to, or different from, the information contained in the Franchise Disclosure Document.

6. We or our Representatives have made the following statements, promises or assurances concerning any other matter related to an Arctic *Elevation* franchise that is in addition to, contrary to, or different from, the information contained in the Disclosure Document:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of

(i) **waiving any claims under any applicable state franchise law, including fraud in the inducement** (such as any liability the franchisor may have under California Corporations Code Sections 31512 and 31512.1; the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder, and similar state laws)**, 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.**

Dated this ___ day of ___________________, 202__.

This does not apply in Maryland, or Washington. Mayland and Washington franchisees do not complete this Questionnaire

("we/us"): **ARCTIC FRANCHISING LLC**	(jointly and severally "you"):
By: ______________________	By:________________________________
	_________________, an individual
Title: _____________________	By: _______________________________
	Title: ______________________________

Approved as to Form:

Of Legal Counsel for us Of Legal Counsel for you

EXHIBIT D

CONDITIONAL ASSIGNMENT

In consideration of the granting of a franchise to you and other valuable consideration given by **ARCTIC FRANCHISING LLC**, a Washington Limited Liability Company ("us"), you assign to us all telephone numbers; telephone and internet listings; website and social media addresses and domain names you use in the operation of the franchise. We assume the performance of all the terms, covenants and conditions of your related agreements with utilities and providers with the full force and effect as of the date we assume control under the relevant agreements as if we had originally been named as the contracting party under in the agreements.

We will hold this assignment and will deliver it to the interested third parties only upon termination of the Franchise Agreement between us and you dated the ___ day of _________, 202_.

DATED this ___ day of _________, 202_.

("We/Us"): **ARCTIC FRANCHISING LLC** ("You"):______________________________

By:______________________ Signature: ______________________

Title:______________________ Print Name: ______________________,an individual

By: ______________________

Title: ______________________

EXHIBIT E

ARCTIC FRANCHISING LLC FRANCHISE AGREEMENT ADDENDUM
ABANDONMENT, RELINQUISHMENT, AND TERMINATION
OF ASSUMED OR FICTITIOUS BUSINESS NAME

Pursuant to the provisions of relevant state laws concerning the registration and use of assumed or fictitious business names, the undersigned applicant, being a franchisee of **ARCTIC FRANCHISING LLC**, submits the following to evidence its intent to abandon, relinquish and terminate its right to use the business names **Arctic Elevation**® and **Arctic**℠

1. Name of Applicant who is Using the Assumed or Fictitious Business Name:

   ____

   ____

   a(an) individual/partnership/corporation organized and doing business under the laws of the State of ____________________________

2. Date When Original Assumed or Fictitious Business Name was Filed by Applicant: ____________________________

3. Address of Applicant's Registered Office in the State of: __________________

   ____

   ____

   ____

4. Please cancel the Applicant's registration to use the name **Arctic Elevation** and **Arctic**

DATED: _______________________

____
Applicant

By:___________________

Title:_________________

EXHIBIT F

FRANCHISE DISCLOSURE DOCUMENT
STATE LAW ADDENDUM

The following modifications and additions are part of **ARCTIC FRANCHISING LLC**'s Franchise Disclosure Document ("FDD") and Area Representative Agreement ("FA") and all related agreements as required by relevant state laws.

These states have statutes, which may supersede the Area Representative Agreement in your relationship with us including the areas of termination and renewal of the Franchise:

ARKANSAS (Stat. Section 70-807)
CALIFORNIA (Bus. & Prof. Code Sections 20000-20043)
CONNECTICUT (Gen. Stat. Section 42-133e et seq.)
DELAWARE (Code, tit. 6, Ch. 25, Sections 2551 et seq.)
HAWAII (Rev. Stat. Section 482-E1)
ILLINOIS (815 ILCS 705/1-44)
INDIANA (Stat. Section 23-2-2.7)
IOWA (Code Sections 523H.1-523H.17)
MICHIGAN (Stat. Section 19.854(27))
MINNESOTA (Stat. Section 80C.14)
MISSISSIPPI (Code Section 75-24-51)
MISSOURI (Stat. Section 407.400)
NEBRASKA (Rev. Stat. Section 87-401)
NEW JERSEY (Stat. Section 56.10-1)
SOUTH DAKOTA (Codified Laws Section 37-5B)
VIRGINIA (Code 13.1-557-574, 13.1-564)
WASHINGTON (Wash. Rev. Code §§ 19.100)
WISCONSIN (Stat. section 135.03)

These and other states may have court decisions which may supersede the Area Representative Agreement in your relationship with us, including the areas of termination and renewal of the Franchise.

Following are Addenda for Franchises Governed by the Laws of the Respective States Listed:

CALIFORNIA

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.

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 OFFERING CIRCULAR 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Item 3, litigation, ¶ (c), neither Franchisor nor any of the persons affiliated with Franchisor set forth in Section 2 of the Disclosure Document are subject to any currently effective order of any National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A.

78, et seq. suspending or expelling such persons from membership in such association or exchange.

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

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

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

Both the governing law and choice of law for Franchisees operating outlets located in California will be the California Franchise Investment Law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.
.
Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise and 14 days prior to execution of agreement.

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, we will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

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.

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.

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

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all our preopening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

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

GEORGIA

DISCLOSURES REQUIRED BY GEORGIA LAW

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If, for any reason, any provision set forth in the Franchise Agreement (including those related to in-term and post-term covenants against competition and non-disclosure and non-use of confidential information) exceeds any lawful scope or limit as to duration, geographic coverage, specificity, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. Indeed, the parties acknowledge their desire and intent that such provisions be modified by a court or arbitrator to comply with Georgia law if needed. The duration, geographic coverage and scope allowable by law or court of law will apply to this Agreement.

HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDERTHE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE INTHIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR,AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANYBINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENTOF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR,

WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OFTHE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR ASTATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Paragraph 4110.01, Section 482E-6(3): Upon termination or refusal to renew the franchise the franchisee will be compensated for the fair market value, at the time of the termination or expiration of the franchise, of the franchisee's inventory, supplies, equipment and furnishings purchased from the franchisor or a supplier designated by the franchisor; provided that personalized materials which have no value to the franchisor need not be compensated for. If the franchisor refuses to renew a franchise for the purpose of converting the franchisee's business to one owned and operated by the franchisor, the franchisor, in addition to their remedies provided in this paragraph, will compensate the franchisee for the loss of goodwill. The franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of the franchisee's inventory, supplies, equipment, and furnishings pursuant to this requirement, and may offset from such compensation any moneys due the franchisor.

IDAHO

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

ILLINOIS

Illinois law governs the Area Representative Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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 PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2022) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2022).

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) (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.

INDIANA

To the extent that the Franchise Agreement is inconsistent with Section 1 of the Indiana Deceptive Franchise Practice Law, which prohibits a prospective general release of any claims for liability imposed under it, the Indiana Deceptive Franchise Practice Law may supersede such inconsistent terms.

Sections of the Disclosure Document, Franchise Agreement which provide for indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence may not be enforceable and are amended to extent required by Indiana franchise law.

The Disclosure Document, Franchise Agreement is amended to add: The Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practice Law may govern if the franchisee is a resident of Indiana or a nonresident who will be operating a franchise in Indiana. Indiana Code 23-2-25-2, 23-2-2.7-1, 2. In addition, federal and state courts in the State of Indiana may have jurisdiction with respect to any proceeding arising out of any agreements set forth in this Disclosure Document to the extent required by Indiana law.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read "Franchisor may seek injunctive relief."

Pursuant to Indiana Code Section 23-2-2.7-1(9), Franchisor may not require a franchisee to covenant not to compete with the Franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise, to the extent required by Indiana law.

MARYLAND

The Disclosure Document (Item 5) and Franchise Agreement (Section 2.1) are amended to provide that all initial franchise fees will be due and payable only after the franchisor has fulfilled and performed all its initial financial obligations and the franchisee has commenced business operations under the Franchise Agreement (which occurs upon completion of the initial training course for Area Developers and upon opening of the Franchise Premises for business for individual unit operators).

The Disclosure Document (Item 17) and Franchise Agreement are amended to include that any provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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. Item 17 of the Disclosure Document and Sections 3, 20 and 24.5 to the Franchise Agreement are amended to the extent required by Maryland law.

Provisions in the Disclosure Document (Item 17) and Franchise Agreement requiring franchisee to file any lawsuit in a court in the State of Washington may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Franchisees may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. The Disclosure Document (Item 17) and Franchise Agreement are amended accordingly, to the extent required by Maryland law.

Any provisions in the Disclosure Document (including Items 5, 11, 17 and 22 in the Individual Unit offering and Item 22 in the Area Representative Franchise offering) and Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise shall not apply under the Maryland Franchise Registration and Disclosure Law and are amended to the extent required by Maryland law.

The Disclosure Document (Item 17) and Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents 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 applied only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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.

ESCROW REQUIREMENTS (IF ANY): ____

Any questions regarding this notice should be directed to:
State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.4400J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

All statements in the Disclosure Document and Franchise Agreement that state that franchisor is entitled to injunctive relief are amended to read "franchisor may seek injunctive relief"; and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the franchisor from requiring a franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

Pursuant to Minn. Stat. Sec. 80C.12, Subdivision 1(g), to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Franchisor's primary trade name.

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

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.

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 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 to be added at the end of Item 3:

> Except as provided above, the following applies 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 that is 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 ten years 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. Rev. April 2, 2024
>
> 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 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; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by a franchisee”: “You may terminate the agreement on any grounds available by law.”

5. 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. 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.

7. 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 Rev. April 2, 2024 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.

<u>North Carolina</u>

Coversheet:

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement

Addendum:

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement
If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

NORTH DAKOTA

The Disclosure Document and Franchise Agreement provide for arbitration and mediation of disputes to be held in Washington. These provisions may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement relating to jurisdiction of courts in Washington, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring franchisee to sign a general release upon renewal of the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and agreement stipulating that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Provisions of the Disclosure Document and Franchise Agreement that require the franchisee to consent to termination or liquidated damages (i.e., Item 17(i) and Section 19.6) have been determined by the North Dakota Securities Commissioner to be unfair, unjust and inequitable within the intent of Section 15-19-09 of the North Dakota Franchise Investment Law and therefor are not enforceable in North Dakota. They are by this reference deleted from the Disclosure Document and Franchise Agreement.

Covenants not to compete such as those contained in the Franchise Agreement may not be unenforceable in the State of North Dakota.

The governing law or choice of law clauses in Item 17(w) of the Disclosure Document and Section 30.a of the Franchise Agreement granting authority to a state other than North Dakota may not be enforceable and are amended accordingly to the extent required by North Dakota franchise law.

RHODE ISLAND

§ 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." The Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

SOUTH DAKOTA

Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards and failure to make Continuing Licensing payments contained in the Disclosure Document or Franchise Agreement must give a franchisee thirty (30) days' written notice with an opportunity to cure the default prior to termination.

Post-termination covenants not to compete may be unenforceable under South Dakota law. Sections of the Disclosure Document and Franchise Agreement containing post-termination covenants not to compete are amended to the extent required by South Dakota law.

Sections of the Disclosure Document and Franchise Agreement requiring mediation or arbitration of disputes to be held in Washington may not be enforceable and are amended accordingly to the extent required by South Dakota franchise law.

Sections of the Disclosure Document and Franchise Agreement requiring jurisdiction or venue in Washington may not be enforceable and are amended accordingly to the extent required by South Dakota law.

Any provisions contained in the Disclosure Document and the Franchise Agreement that provide that the parties waive their right to claim punitive, exemplary, incidental, indirect, or consequential damages or any provisions that provide that the parties waive their right to a jury trial, may not be enforceable and are amended to the extent required by South Dakota franchise law.

The governing law or choice of law clauses described in the Disclosure Document and contained in the Franchise Agreement granting authority to a state other than South Dakota may not be enforceable and are amended accordingly to the extent required by South Dakota franchise law.

VIRGINIA

In Virginia, notice of approval or disapproval of a proposed supplier will be issued by us within 45 days after the franchisee has delivered all required materials.

The Clerk of the State Corporation Commission, 13300 East Main Street, Richmond Virginia 23219, is our registered agent authorized to receive process in Virginia.

WASHINGTON

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in

the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Non-solicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. Questionnaires and Acknowledgments. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. The initial fees for the purposes of the deferral include all initial franchise fees described in Item 5 of the Franchise Disclosure Document.

Section 10.1 of the Area Representative Agreement is revised to prohibit area representatives from competing for two years within 25 miles of the contracted territory or any other territory, and within 25 miles of a company-owned outlet.

Area Representative Agreement is revised to state that Sections 10.5, 12.20.3, 12.20.4, 12.20.5, 12.20.6, 12.20.9 do not apply in Washington.

Section 12.20.10 of the Area Representative Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

Section 5 of the Transfer, Mutual Release, and Confidentiality Agreement (Exhibit H) to state that it 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 of the Renewal and Release Agreement (Exhibit H) to state that it does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

DATED this __ day of _________, 202_.

("we/us"): **ARCTIC FRANCHISING LLC**	(jointly and severally "you"): ___________________
By:_______________________	Signature: _______________________
Title:_______________________	Print Name: _______________________, an individual
	By: _______________________
	Title: _____________ ____

WISCONSIN

With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. Item 17 of the Disclosure Document and the corresponding section of the Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, the Wisconsin Fair Dealership Law. SEC 32.06(3), Wis. Adm. Code.

The franchisee acknowledges receipt of this Addendum.

It is agreed that the applicable provisions of this state law addendum for the state of ______, supersedes any inconsistent portion of the Area Representative Agreement (of this same date) to which this addendum is attached between **Arctic Franchising LLC** ("we/us") and ________________ (jointly and severally "you"), and of our Franchise Disclosure Document. All terms of the Area Representative Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Area Representative Agreement was signed. However, this addendum will have effect only if the Area Representative Agreement or our relationship with you satisfies all the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this __ day of _________, 202_.

("we/us"): **ARCTIC FRANCHISING LLC** (jointly and severally "you"): __________________

By:______________________ Signature: ______________________

Title:______________________ Print Name: ______________________, an individual

By: ______________________

Title: ______________________

FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

Certification of Accredited Investor

[This only applies if Franchisee is an accredited investor who resides in Washington or seeks a franchise to be located in Washington and Franchisor is not registered to sell franchises in Washington.]

The undersigned ("Franchisee") is interested in being considered for and being granted an **ARCTIC ELEVATION™** franchise. ARCTIC FRANCHISING LLC (franchisor) is not yet registered to sell franchises in the State of Washington.

Franchisee has represented to franchisor that Franchisee is an accredited investor under the standard established by the Washington Franchise Investment Protection Act (Chapter 19.100 RCW) ("Act").

Franchisor is willing to consider granting a franchise to Franchisee under the accredited investor exemption from registration.

Under the Act, an accredited investor is a prospective franchisee who meets the following financial criteria:

1. Individual net worth, or jointly with the person's spouse, exceeding $1,000,000 (excluding the person's primary residence and excluding indebtedness secured by the primary residence up to the fair market value of the primary residence); or
2. Individual net income in excess of $200,000 in each of the most recent two years or joint income with a spouse in excess of $300,000 during those two most recent years.
3. If Franchisee is an entity, then all equity owners must be accredited investors.

By signing this document, Franchisee is certifying to Franchisor that Franchisee meets all applicable criteria for being an accredited investor. The person signing as Franchisee certifies that he/she is either (a) signing as a sole proprietor and that he/she has no partners, investors or others with an equity interest in the prospective business;
(b) signing as a representative of an entity and that he/she is, personally an accredited investor and that no other person has an equity interest in the prospective business; or (c) signing as a representative of an entity and that each owner of the entity is an accredited investor and has executed a Certification substantially identical to this after being identified by name and address below.

Franchisee understands that Franchisor will rely upon this Certification in offering a franchise to Franchisee and would not have even allowed Franchisee to receive a Franchise Disclosure Document except that Franchisee has previously verbally represented to Franchisor that Franchisee qualifies as an accredited investor. Any false statement or material omission in this Certification is grounds for termination of any contracts or agreements entered into in reliance on it.

Franchisee has attached to this Certification true and accurate copies of: (a) Franchisee's personal financial statement (and the financial statement of any entity franchisee) that is prepared pursuant to United States General Accounting Principles, and is current within 90 days of the date of this Certification; and (b) Franchisee's personal (and entity, if applicable) federal tax returns for each of the two most recent filing years.

Franchisee acknowledges that Franchisee received a copy of this Certification as part of the Franchise Disclosure Document (Footer Code DD-24A) not less than 14 calendar days before signing. Paragraphs 18 and 20 of the Area Representative Agreement that is contained within the Franchise Disclosure Document are incorporated in this Certification by this reference as if fully set forth herein.

Dated:________________________________ Franchisee:

____

____

Address/Phone/Email: __________________________

____

Unless I am the sole owner of the Franchisee entity, if applicable, the other equity owners are the following, each of which will sign a substantially identical Certification:

Name	Address/Phone/Email

EXHIBIT G

APPLICATION FORM
OBSERVATION AND EVALUATION AGREEMENT

ARCTIC ELEVATION

FRANCHISEE EVALUATION FORM

Please complete and send this form to: David Kostroub
For more information, please call David Kostroub, 206-747-1939.
Email us: info@arcticelevation.com

PERSONAL INFORMATION

Applicant's Name ____
First Name Middle Last Name

Mailing Address ____
Street or P.O. Box City State Zip

Home Phone ( )________________ Business Phone ( )________________

Cell Phone ( )________________Fax Number ( )________________

Email Address ______________________________ Best time to contact ____________

Social Security Number ____________________ Gender ________________ (M or F)

Date of Birth __________________ Are you a U.S. citizen or legal resident? ____________

Marital Status ___________Spouse's Name _______________ Number of Dependents ____

EMPLOYMENT HISTORY

Current Employer: ____
Name of Company Address City State

Job Title ____________________ Dates of Employment: From ___________To _________

Job Responsibilities: ____

____

Previous Employers:
Company Name ________________________ City __________________ State _____

Position _______________ From ______ To ________ Reason for Leaving ____________

Contact Person _________________________ Phone Number ____________________

Company Name ________________________ City __________________ State _____

Position _______________ From ______ To ________ Reason for Leaving ____________

Contact Person ____________________ Phone Number _________________________

EDUCATIONAL BACKGROUND

Please circle highest grade completed and list educational institutions and schools and details.

Grades 1 – 12 College 1 2 3 4 Additional Degrees

PERSONAL AND PROFESSIONAL REFERENCES

Name	Address	Telephone	Relation to You
Name	Address	Telephone	Relation to You
Name	Address	Telephone	Relation to You

OTHER PRINCIPALS AND MANAGEMENT

Investor/associate who will join you in this venture. Please have each fill out one of these forms.

Name **Address** **% Ownership** **% Time**

1. ______

2. ______

3. ______

FINANCIAL INFORMATION

Salary, Wages $ ______(Annual, Monthly, Hourly, please explain)

Bonus, Commissions $ ______

Dividends, Interest $ ______

Real Estate Income $ ______

Notes/ Accounts Receivable $ ______

Other Income (Specify source) $ ______

Total Monthly Income $ ______

Assets		**Liabilities**	
Cash on Hand	$	Secured notes payable to others	$
Marketable securities	$	Unsecured notes payable to others	$
Non-readily marketable securities	$	Accounts Payable	$
Accounts and Notes Receivable	$	Margin Accounts	$
Net cash surrender value of life insurance	$	Notes Due: Partnership	$
Residential real estate	$	Taxes Payable	$
Real estate investments	$	Mortgage debt	$

Partnership/PC interests	$	Life insurance loans	$
IRA, profit sharing, other vested retirement accounts	$	Other liabilities	$
Deferred income	$		$
Personal property	$		$
Other Assets	$		$
Total Assets	**$**	**Total Liabilities**	**$**
		TOTAL NET WORTH	**$**

Will the franchise business be your sole source of income? ______________________________

Total unencumbered liquid capital readily available for use in the franchise business? $ _______

What is the source of this unencumbered liquid capital? __________________________________

How do you anticipate financing the balance of the total initial investment? _________________

____

Describe any past wellness center medical, retail, and business development experience. _____

____

____

____

Do you now, or have you ever owned or had financial interest in an operation similar to the opportunity we are offering? Please describe. ____

How many hours per week do you anticipate working in your business? ___________________

In what city and state would you like to open your franchise? _____________________________

Are you willing to consider other areas to open your franchise? _______________Please describe.____

How soon would you be prepared to open your franchise? ________________________________

When would you be available to meet with one of our representatives? ____________________

What questions would you like answered during your meeting with our representative? ________

____

____

____

Have you ever considered or been involved in other franchise opportunities? _______________

Describe your experience? ____

____

Why are you interested in developing a franchise operation in our system? _________________

____

____

What specific skills and qualifications do you feel would make your franchise a success?

____

____

I certify that the information supplied in this Franchise Evaluation Form and other financial statements made by me are true and correct. I agree to a full investigation of all information by one of your company representatives to verify and I authorized you to check references and conduct such additional credit checks as deemed necessary. I further understand that submission of this information does not obligate either of the parties to purchase or sell a franchise.

____ ________________________

Applicant’s Signature Date

OBSERVATION AND EVALUATION AGREEMENT

This Observation and Evaluation Agreement (this "Agreement") is effective as of _____________, 20___ (the "Effective Date"), regardless of when it is signed, by and between Arctic Franchising LLC, a Washington Limited Liability Company ("we," "us" and "our") and ____ ("you" or "your"). You and we are sometimes referred to collectively as the "parties" or separately as a "party."

We offer franchises to licensed wellness providers and qualified entities to own and operate Arctic franchises. This is done under the "*Arctic Elevation®"* and *"Arctic^sm"* names and logos**.** You and we desire to determine whether you who meet our qualifications and are willing to undertake the investment and effort to own and operate a franchise.

You have applied for a Franchise to own and operate an Arctic franchise. To determine whether to grant you a Franchise, we must evaluate your commitment, credentials, experience, and expertise. You want to make sure that operating a franchise is compatible with your objectives. We and you will incur various expenses in making those evaluations and determinations.

Accordingly, the parties agree as follows:

1. You represent and warrant that all the statements you have made in your application are true, correct and complete.

2. As part of the screening process, you agree to work a minimum of ____ hours/days/weeks at an Arctic Wellness center that we designate. You will not be paid compensation of any type for work performed by you during this screening process. Unless we otherwise agree, the work you perform under this Agreement does not constitute training under any franchise agreement with us.

3. During this observation and evaluation process you will receive hands-on experience and operational know-how concerning our methods, systems, processes, procedures, and operations. You agree, attest and acknowledge that:

   (a) There is some risk of injury and harm;

   (b) You are not our employee;

   (c) Since you are not our employee, you will not be entitled to any workers compensation from us; and

   (d) You waive any right to sue for damages or other relief, and release any claim you may have against us or any of our affiliates, agents, officers and directors, for any claims, losses, damages, liabilities or obligations that arise out of any injury you suffer during such work. If someone other than you attends the Observation and Evaluation Process, they must sign our standard form of Liability Waiver and Release, a copy of which is attached as Exhibit "A" to this Agreement.

4. Upon termination or expiration of this Agreement (or we offer, but you elect not to acquire, a franchise), you and your owners agree that, for a period of 1 year commencing on the effective date of termination or expiration of this Agreement or the date on which a person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any competitive wellness center medical business operating within 10 miles of any Arctic Elevation or Arctic Wellness center in operation or under construction on the later of the effective date of the termination or expiration or the date on which a person restricted by this Section

complies with this Section. A competitive business is any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any medical wellness center (other than an Arctic Elevation or Arctic wellness center operated under a franchise agreement with us).

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 1-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

5. We may disclose certain information and know-how to you regarding our systems, processes, procedures, and operations, including but not limited to: plans, specifications, size and physical characteristics of Arctic Elevation and Arctic medical wellness centers; site selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources and design of equipment, furniture, forms, materials and supplies; marketing, advertising and promotional programs for Arctic medical wellness centers; the selection, testing and training of personnel for Arctic medical wellness centers; the recruitment, qualification and investigation methods to secure employment for employment candidates; computer software we make available or recommend for Arctic medical wellness centers; billing and collection processes, methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Arctic medical wellness centers; knowledge of specifications for and suppliers of certain services, products, materials, supplies, furniture, furnishings and equipment; treatments, formulas, preparation methods and service techniques; and knowledge of operating results and financial performance of Arctic medical wellness centers. You acknowledge and agree that all this information is confidential and proprietary (collectively these are referred to as the "**Confidential Information**"). You will not acquire any interest in the Confidential Information. The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition. You will not disclose, leak, divulge, disseminate, reveal, make available, replicate, duplicate (in any form, tangible or intangible) or otherwise communicate all or any portion of the Confidential Information to any other person or entity, or use it for any purpose other than good faith negotiations with us to obtain an Arctic franchise, either directly or indirectly, unless given permission to do so in writing by us. You will use the highest degree of care to safeguard the confidentiality of the Confidential Information and not make any copies or abstracts of the Confidential Information (intangible, printed or an intangible form) except when permitted to do so by us in writing. You will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

If, for any reason whatsoever, you and we do not enter into a Area Representative Agreement:

(a) You will immediately return to us all proposed franchise agreements, prototypes, samples, brochures, copies, materials, duplicates, derivations, portions, extracts and any other aspects of the Confidential Information in your custody, control, or possession.

(b) You will immediately deliver to us all additional copies or other duplicates of the Confidential Information produced or created by you or us, including without limitation, all prototypes, documents, photocopies, notes, memoranda, extracts, excerpts, derivations, worksheets or other ancillary documentation containing, or derived from, Confidential Information, whether contained on paper, tangible material, tape or in computer memory banks or the storage devices including storage media that you may access from remote sites via the Internet or other shared system(s).

(c) You will immediately destroy any Confidential Information or derivations which you may possess in computer memory or elsewhere in machine readable form that cannot be returned to us, thereby leaving no written evidence or intangible embodiment of the Confidential Information in your possession.

(d) Within 10 days following notice from us of our demand that you return or destroy the Confidential Information, you will deliver to us a written certificate executed by a duly authorized officer on your behalf, stating that you have fully and completely discharged all your obligations pursuant to the provisions of this Agreement and returning all the Confidential Information not destroyed.

6. Washington law governs this Agreement. Jurisdiction and venue for any claims involving this Agreement is exclusively in the courts in the county where our corporate headquarters is located (currently King County, Washington). The parties irrevocably submit to the venue and jurisdiction of such courts.

   In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, defense costs, witness fees and other related expenses including paralegal fees, travel and lodging expenses and court costs. Reimbursement is due within 30 days of written notice after prevailing.

7. This Agreement, and all rights and obligations of the parties, may not be assigned, subcontracted, or transferred by any party without the prior written consent of the other party.

8. This Agreement neither evidences, nor commits us to, an award of a Franchise to you. Any grant of a Franchise to you will be subject to a definitive Area Representative Agreement mutually acceptable and signed by both you and us. However, in the meantime, you and we will naturally be expected to investigate each other’s' qualifications, background and respective businesses. Thus, each of us will cooperate with each other to obtain further information in order to proceed on a mutually beneficial business basis. Neither party has any obligation to the other party other than as described in this Agreement.

The effective date of this Agreement is _________, 202___, regardless of the actual date of signature.

Intending to be bound, the parties sign below:

("we/us"): **ARCTIC FRANCHISING LLC**	(jointly and severally "you"):
By:______________________	Signature: ______________________________
Title: _____________________	Print Name: ______________________, an individual
Date: ______________________	Date: ______________________

Exhibit "A" To the Observation and Evaluation Agreement

LIABILITY WAIVER AND RELEASE

I, _____________________________, want to enroll in the Arctic observation and evaluation process and attend the related programs offered by Arctic Franchising LLC in order to be qualified to own, operate and/or manage an Arctic medical wellness center, pursuant to a franchise agreement between Arctic Franchising LLC and either me, my employer, or a company with which I am affiliated. To induce Arctic Franchising LLC to allow me to participate in the observation and evaluation process and attend the related programs, I agree, attest and acknowledge the following:

(1) During the observation and evaluation and programs, I will work hands-on at an Arctic Wellness center and through other wellness center facilities during which I will operate equipment and perform services and, therefore, there is a risk of injury and harm.

(2) I understand and acknowledge that I am not an employee of Arctic Franchising LLC or its affiliates or franchisees for any purpose whatsoever.

(3) Since I am not an employee of Arctic Franchising LLC, I will not be entitled to any workers compensation coverage from Arctic Franchising LLC or any of its affiliates or franchisees (although I may be entitled to such coverage from my own employer).

(4) I waive any right to sue for damages or other relief, and release any claim I may have against Arctic Franchising LLC and/or any of its affiliates, franchisees, agents, officers and directors, for any claims, losses, damages, liabilities or obligations that arise out of any injury I suffer during and as a result of my undergoing the observation, evaluation, and programs with Arctic Franchising LLC.

(5) My participation in the observation, evaluation and programs does not entitle me to an Arctic franchise. Franchises are granted only by separate written agreements.

Signature: ______________________________
Print Name: ______________________________
Date: ______________________________

Witness Signature: ______________________________
Print Name: ______________________________
Date: ______________________________

EXHIBIT H

TRANSFER, TERMINATION, RENEWAL AND INCORPORATION AGREEMENTS

**TRANSFER [TERMINATION], MUTUAL RELEASE,
AND CONFIDENTIALITY AGREEMENT**

This Transfer [Termination], Mutual Release, and Confidentiality Agreement ("Agreement") is made this _____ day of _______________, 202__. It is among **ARCTIC FRANCHISING LLC**, a Washington Limited Liability Company ("Arctic"), ______, an individual, and _____________, a _____ corporation (jointly and severally "_____"), and _______, an individual, and ____________, a _______ corporation (jointly and severally "___").

On or about ________, Arctic and ______ entered into an Arctic franchise agreement (the "Area Representative Agreement") for the operation of an Arctic franchise at the following location:

________ desires to cease operations under the Area Representative Agreement and to transfer ________'s rights in the franchise to ______. ________ desires to acquire ________'s rights in the Area Representative Agreement and to operate the franchise at the following location:

Arctic desires to consent to the transfer of the Area Representative Agreement from ________ to ________, as follows, subject to and pursuant to the provisions of the Area Representative Agreement and agrees to enter into a new franchise contract with ________ for the location set forth above.

[[________ has suffered serious, unexpected health problems.] The parties have mutually decided to terminate the Area Representative Agreement.]

________ desires to release Arctic from any and all claims whatsoever arising out of the offer of, negotiation, execution, delivery, and performance of the Area Representative Agreement.

[Since ________ is an existing Arctic franchisee, ________ desires to release Arctic from any and all claims whatsoever arising out of the offer of, negotiation, execution, delivery, and performance of ________'s existing franchise agreements with Arctic.]

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

1. Termination of Area Representative Agreement. The Area Representative Agreement between Arctic and ________, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties are terminated, as between them. The provisions of the Area Representative Agreement concerning the obligations of ________ upon termination will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

Arctic enters into this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of ________.

2. Commitments and Obligations. The parties covenant and agree:

The Area Representative Agreement is terminated. The parties agree that the provisions of the Area Representative Agreement concerning the obligations of **Franchisee** upon termination will continue in full force and effect. These obligations are more fully described, below.

________ agrees to pay to Arctic $________. This amount includes:

Termination of the Area Representative Agreement
$__________
Past due Royalty payments through _______, 202___
$__________
Estimated Royalty payments from __________ to __________
$__________
Past due Advertising payments through ___________
$__________
Estimated Advertising payments from __________ to __________ $__________
Arctic out of pocket costs and legal fees related to this Agreement $__________

TOTAL $__________

Payment will be delivered by ________ to Arctic on or before ________, 200___, in a cashier's check payable to Arctic. Upon payment, ________'s debts owed to Arctic will be fully and finally satisfied and resolved.

a. All obligations of ________ in connection with the Area Representative Agreement and the franchise are assumed by ________. ________ will remain bound by its covenants in the Area Representative Agreement that neither it nor its owners, officers, partners, or other persons enumerated in the Area Representative Agreement will disclose confidential information nor compete with Arctic or Arctic's franchisees.

b. All now ascertained or liquidated debts in connection with the franchise have been paid by ________.

c. ________ is not in default in any way under the Area Representative Agreement or any other agreement between it and Arctic.

d. ________ has already completed to Arctic's satisfaction the training programs now required of new franchisees. ________ or ________ have submitted to Arctic, upon execution of this Agreement, a Transfer Fee in the amount of $5,000. Arctic acknowledges receipt of this Fee in consideration for Arctic's legal, accounting, credit check and investigation expenses incurred as a result of this transfer.

e. ________ agrees to fully assume and to be bound by the terms, covenants and conditions of the Area Representative Agreement as if ________ had been named as the original franchisee in the Area Representative Agreement. ________ will execute all documents Arctic or ________ may reasonably require to complete the transfer and assumption of the Area Representative Agreement, including but not limited to execution of a new franchise contract in the form currently being used by Arctic. The new franchise contract may contain economic and general terms which are materially different from those contained in the Area Representative Agreement.

f. ________ has met the standards established by Arctic for quality of character, financial capacity and experience required of a new or renewing Arctic franchisee. ________ and ________ have provided to Arctic such information as Arctic reasonably requested to evidence that ________ meets these standards.

g. The lessor or sublessor of the Franchise Premises has consented to the assignment or sublease of the Franchise Premises to ________, if applicable.

h. ________ and ________ agree to subordinate to ________'s obligations to Arctic (including, without limitation, the payment of all franchise fees) any obligations of ________ to ________.

i. ________ will maintain a sufficient inventory and sufficient supplies on hand to provide for normal business operations until ________ assumes control of the businesses and the Franchise Premises.

j. ________ and ________ have entered into this Agreement for the transfer of ________'s rights under the Area Representative Agreement after their own independent investigation. The transfer of the franchise rights and the amount of consideration for them have been determined by them independently. ________ and ________ acknowledge that they have not relied upon any representation, warranty, promise or other consideration from or by Arctic in entering into this Agreement or in evaluating the advisability of the transfer or the value of the franchises, any of the franchise rights or the franchise locations. Arctic has made no representation or guarantee of revenue or profitable results in the future.

3. Communication of Confidential Information. Neither ________ nor its owners, officers, directors, or other persons enumerated in the Area Representative Agreement will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Area Representative Agreement, the substance of the Arctic franchise operations manuals, or any other nonpublic information related to the operation of the Arctic franchise system. ________ represents and warrants that neither it nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. ________ will continue to comply with all the confidentiality requirements of the Area Representative Agreement.

Nothing contained in this Agreement will preclude Arctic or ________ from disclosing the fact of this Agreement or the amount paid by ________ to Arctic or to ________.

4. ________ to Cease Using Arctic Trade Names, Service Marks, and Logos. Upon completion of the transfer, ________ will immediately cease using Arctic's trade names, service marks, logos, and other marks, symbols or materials indicating that ________ is or was related to Arctic in any way, except as otherwise provided in writing. ________ acknowledges that all such names, service marks, logos, and symbols are the exclusive property of Arctic and that ________ has been allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement. ________ will remain jointly and severally bound to comply with the covenants in the Area Representative Agreement which expressly or by reasonable implication are intended to apply to ________ after termination of the Area Representative Agreement, including any applicable non-disclosure requirements. ________ will:

a. deliver to ________ or Arctic all copies of the Arctic Wellness Center Rules, training tapes and franchise-related materials in ________'s custody, control or possession;
b. take action as required to transfer to ________ all registrations relating to the use of all assumed names;
c. notify the telephone company and all listing agencies of the transfer of ________'s rights to use the franchise names and logos and classified and directory listings of the franchise;
d. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property;

e. refrain from doing business in any way that might tend to give the public the impression that ________ still is or was a franchisee in the Arctic System;

f. [assign and deliver the Franchise Premises over to Arctic or its designee.] [decharacterize the Franchise Premises to render it not confusingly similar to other Arctic locations. This will include removal of all Arctic graphics, logos, signs and identifying colors. Franchisee will retain all interest Franchisee has in any lease or sublease for the Franchise Premises. Franchisee will make the required modifications and alterations to the Franchise Premises. If Franchisee fails or refuses to comply with the requirements of this Agreement, Arctic may enter upon the Franchise Premises, without being guilty of trespass or any other tort, to make or cause to be made such changes as may be required at the expense of Franchisee which expense Franchisee agrees to pay upon demand.]

g. fully comply with all provisions of the Area Representative Agreement that relate to its expiration or termination.

________ acknowledges that all copyrights, names, service marks, logos, and symbols related to the Franchise are the exclusive property of Arctic and that ________ has been allowed to use them only with the franchise relationship outlined in the Area Representative Agreement.

In further consideration for this Agreement, ________ will deliver to Arctic all Arctic signs and sign fronts in ________'s custody, care or possession. Arctic will arrange and pay for removal, shipping and handling of the signs and sign fronts. This will be done as soon as possible and before ___________, 202___.

________ agrees that Arctic may have one or more of its representatives visit and fully inspect the Franchise Premises to verify these requirements have been met. These visits and inspections may occur any time after __________, 202___ upon at least 48 hours prior written notice. The notice may be sent by regular mail, facsimile transmission or delivered by express mail to the Franchise Premises.

5. Releases. In consideration of the covenants and understandings set forth in this Agreement, ________ does release and discharge Arctic and its owners, partners, directors, officers, employees and agents from all obligations, duties, covenants and responsibilities to be performed under the Area Representative Agreement.

In consideration of the covenants and understandings set forth in this Agreement, ________ does release and discharge Arctic and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Area Representative Agreement and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

________ represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Arctic, known or unknown, arising directly or indirectly out of the Area Representative Agreement and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.

In consideration of the covenants and understandings set forth in this Agreement, ________ does release and discharge Arctic and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of ________'s existing franchise or license agreement(s) with Arctic and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

________ represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Arctic, known or unknown, arising directly or indirectly out of ________'s existing franchise or license agreement(s) with Arctic and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arose under the Area Representative Agreement, ________'s existing franchise or license agreement(s), or the relationship between the parties before the date of this Agreement, including all the effects and consequences thereof.

This release is intended to waive, release and discharge all claims against Arctic, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the releasing parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

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.

This release will not apply to any liability under the [Maryland Franchise Registration and Disclosure Law]. The releasing parties, with the advice of legal counsel, waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

6. Miscellaneous Provisions. This writing constitutes the entire agreement between the parties. It supersedes all prior understandings among the parties with respect to its subject matter. This Agreement may not be modified or amended in a manner adverse to any party except by written agreement signed by that party.

Time is of the essence of this Agreement.

Any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

If a dispute arises between the parties, the parties agree to participate in at least **6** hours of mediation in accordance with the Mediation Procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial business disputes. The parties agree to equally share the costs of mediation.

This Agreement is accepted in the State of Washington and will be governed by the laws of Washington, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of the Washington franchise or business opportunity laws. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Washington, will be construed and enforced according to the laws of that state. This choice of laws will not include and does not extend the scope of application of any franchise or business opportunity laws. All issues or disagreements relating to this Agreement, will be mediated, tried, heard, and decided in King County, Washington.

This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

This Agreement has been prepared by attorneys representing Arctic. ________ and ________ have each had opportunity to have this Agreement reviewed by attorneys of their own choice.

This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ARCTIC FRANCHISING LLC ("Arctic")

By:____________________

Title:__________________

________, an individual, and __________, a _______ corporation ("________")

By:____________________________
________, an individual

_________________________.

By:____________________________
____

Title: ___________________________

and __________, a _______ corporation ("________")

By:____________________________
________, an individual

_________________________.

By:____________________________
____

Title: ___________________________

RENEWAL [INCORPORATION] AND RELEASE AGREEMENT

This Renewal [Incorporation] and Release Agreement ("Agreement") is made this __ day of _________, 202__. It is between **ARCTIC FRANCHISING LLC** ("we/us") and ________ and ________ (jointly and severally "you").

On or about the following date, you and we entered into an Arctic Area Representative Agreement (the "Area Representative Agreement") for the operation of an Arctic franchise at the following location: ____.

You desire to renew the franchise on the terms of our current franchise agreement forms.

[The parties desire to add New Corporation to the Area Representative Agreement, subject to and pursuant to the provisions of the Area Representative Agreement.]

You desire to release us from any and all claims whatsoever arising out of the negotiation, execution, delivery, and performance of the Area Representative Agreement.

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

1. <u>Renewal of Area Representative Agreement</u>.

A. The Area Representative Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Area Representative Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms. These forms may vary materially from the Area Representative Agreement. Continuing Services and Royalty Fees, Advertising Fees, Local Advertising Contributions and other fees will be set at the currently prevailing rates and terms. There is no fee for renewal of the franchise. The Franchise Premises must remain at the location designated in the Area Representative Agreement.

C. You will reimburse us for the following reasonable out-of-pocket costs we incur concerning the renewal:

D. You will refurbish, remodel, and replace the Franchise Premises, fixtures, and equipment to conform to the current Wellness Center Rules and Arctic System. This includes:

E. You or your designated manager will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee of **$_________**:

[**1. <u>Continuation of Area Representative Agreement</u>**. The Area Representative Agreement and all other or prior agreements between Arctic and ______, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties will continue in full force and effect and completely expresses the present understanding between the parties. New Corporation will be a party to the Area Representative Agreement and its addenda as though New Corporation had executed the Area Representative Agreement on the date it was created.

Arctic's consent to this Agreement will not constitute a waiver of any claims it may have against ______.

________ and New Corporation covenant and agree:

a. ________ will remain fully bound by its covenants in the Area Representative Agreement.
b. Arctic is not in default in any way under the Area Representative Agreement or any other agreement between ________ and Arctic.
c. New Corporation agrees to fully assume and to be bound by the terms, covenants and conditions of the Area Representative Agreement as if New Corporation had been named the original ________ in the Area Representative Agreement. New Corporation will execute all documents Arctic or ________ may reasonably require to complete the assumption of the Area Representative Agreement.
d. The lessor or sublessor of the Franchise Premises has consented to the inclusion of New Corporation as a lessee of the Franchise Premises.
e. ________ and New Corporation will provide to Arctic, upon demand, a current list of all owners, shareholders, directors, officers, partners, and employees of New Corporation, together with a summary of their respective interests in the franchise.
f. Neither ________ nor New Corporation will make any public or private offering of its stock or of any other securities without first receiving the written consent of Arctic. Consent may not be unreasonably withheld.
g. ________ continuously will own a majority of the issued and outstanding shares of each class of stock of New Corporation.]

2. Communication of Confidential Information. Neither you nor your owners, officers, directors, or other persons enumerated in the Area Representative Agreement will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Area Representative Agreement, the substance of the **ARCTIC** franchise operations manuals, or any other nonpublic information related to the operation of the **ARCTIC** franchise system. You represent and warrant that neither nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. You will continue to comply with all the confidentiality requirements of the Area Representative Agreement.

3. Release. You do release and forever discharge us and our current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Area Representative Agreement and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

You represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims, known or unknown, arising directly or indirectly out of the Area Representative Agreement and the relationship between the parties including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under the Area Representative Agreement, including all the effects and consequences thereof.

These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

> A GENERAL RELEASE DES 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.

The parties, with the advice of their respective counsel, waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

4. **Miscellaneous Provisions**. This writing constitutes the entire agreement between the parties. It supersedes all prior understandings among the parties with respect to its subject matter. This Agreement may not be modified or amended in a manner adverse to any party except by written agreement signed by that party.

Time is of the essence of this Agreement.

Any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

If a dispute arises, you and we agree to participate in at least six hours of mediation in accordance with the mediation procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial business disputes. You and we agree to equally share the costs of mediation.

This Agreement will be governed by the laws of Washington, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.). This choice of laws will not include and does not extend the scope of application of the Washington franchise or business opportunity laws. All issues or disagreements relating to this Agreement, will be mediated, tried, heard, and decided in Renton, Washington.

This Agreement has been prepared by attorneys representing Arctic. _______ [and New Corporation] have been advised to and have had the opportunity to have this Agreement reviewed by legal counsel and advisors of their choosing and at their choice.

This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ARCTIC FRANCHISING LLC ("we/us") ________ and ________ ("you")

By:________________________________ By:________________________________

Title:

________ , an individual

By:________________________________

________, an individual

EXHIBIT I

ARCTIC ELEVATION

Wellness Center Rules Table of Contents

ARCTIC

ELEVATION

Operations Manual

Optimizing Business Outcomes
Through Standardized Protocols and Supervision

2 – Wellness Center Rules Table of Contents

Table of Contents

Operations Manual

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8 – Wellness Center Rules Table of Contents

EXHIBIT J

CONFIDENTIALITY, NON-DISCLOSURE, AND NONCOMPETE AGREEMENT

THIS AGREEMENT has been entered this _____ day of _______ 20__. It is by and between, **ARCTIC WELLNESS CENTER, LLC**, a Washington Limited Liability Company, ("we, us") and ___________ ("you").

We own proprietary ideas and other confidential information related to the ownership and operation of **Arctic Elevation**® and **Arctic**sm medical wellness centers. We own valuable goodwill and have valuable expertise, confidential information, methods, procedures, techniques, uniform standards, operations manuals, controls and guidelines, systems, reporting systems, merchandise, and materials. These are connected with the operation, promotion, and advertising of our system of full-service care centers that are fully staffed with physicians and licensed therapists. It includes our business services, advertising and promotions, and practice and patient payment systems. Collectively, this is called “the Arctic System.”

You and we desire to discuss the offer and sale of a franchise and potentially to enter into related commercial relationships. In the course of these discussions and our relationship it will be necessary for us to disclose Confidential Information to you.

THEREFORE, in consideration of the following mutual promises and covenants, the parties agree as follows:

1 PROTECTION OF CONFIDENTIALITY

1.1 **Confidential Information Defined**. In this Agreement, “Confidential Information” will mean:

a) Any information that relates to our proprietary ideas, trade secrets, business, products, technology, customers, finances, plans, proposals, or practices of us, including, but not limited to, plans and specifications for new products, discoveries, ideas, know-how, research and development, inventions, techniques, marketing strategies, customer lists, financing sources and suppliers, non-public financial information, budgets, data, and projections;
b) Our proprietary information and information we mark or designate as confidential;
c) Information, whether or not in written form and whether or not designated as confidential, which is known to you as being treated by us as confidential;
d) Information provided to us by third parties, which we are obliged to keep confidential.

The Confidential Information will include information in any form in which such information exists, whether oral, written, film, tape, computer disk, digital, or other form of media.

1.2 **Our Exclusive Property**. You acknowledge and agree that our Arctic System and all Confidential Information is and will continue to be our sole and exclusive property, whether or not disclosed or entrusted to you in connection with your relationship with us. Nothing in this Agreement will give you or others any right, title, or interest whatsoever in or to them. The Confidential Information will be considered our trade secrets and will be entitled to all protections provided by applicable law to trade secrets.

1.3 **<u>Conflicting or Competing Interests</u>**. Neither you nor your owners, shareholders, members, partners, directors, officers, managers, employees, consultants, distributors, or agents, nor the members of your or their immediate families or households (who have access to or knowledge of the Confidential Information or Arctic System), will directly or indirectly participate as an owner, shareholder, partner, director, officer, employee, consultant, distributor, or agent, or serve in any other capacity in any business (including business in formation) engaged or to be engaged in the offering or sale or rental of products or services that are the same as, or substantially similar to, the products and services that are part of the Arctic System.

You will assure that you and your owners, shareholders, partners, directors, officers, employees, and agents, and the members of their immediate families or households (who have actual knowledge of or access to the Wellness Center Rules or Arctic System), will not directly or indirectly participate as an owner, shareholder, director, partner, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, or serve in any other capacity in any business engaged directly or indirectly in the offer, sale, rental, Internet dissemination, or promotion of products or services or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Arctic System. This covenant applies within a **100**-mile radius of any location where we operate or have granted the franchise to operate an Arctic business, and at any location within the United States of America.

2. <u>COVENANT OF NON-DISCLOSURE</u> You specifically acknowledge that you will receive valuable specialized and Confidential Information, including information regarding our operational, sales, promotional and marketing methods and techniques and the Arctic System. You agree not to disclose Confidential Information to any third party and to limit disclosure within your association to designated employees approved by us. Disclosures to designated employees will be done on a “need to know” basis to the extent necessary for them to perform the duties of their employment with you. Unless required by court order or applicable law, you agree not to copy, download, send, or divulge any Confidential Information directly or indirectly to any other person or enterprise outside of our system. You will never communicate, divulge, or use in any manner, either for your benefit or the benefit or any other person, persons, partnerships, associations, companies or corporations any Confidential Information or proprietary information, knowledge, or know-how concerning the Arctic System or any information we have communicated to you in written, verbal, or electronic form, including intranet passwords, for the operation of your business.

3 <u>COVENANT OF NON-USE</u> You agree not to use Confidential Information or the Arctic System, except as authorized by us. You will obligate your owners, board of directors, your employees, and your agents to the same non-use covenant. We must approve in writing any use of Confidential Information or Arctic System by you or your owners or your directors or employees.

4 <u>RECIPROCAL OBLIGATION</u> Should discussions between you and us require or entail disclosure of any of your confidential or proprietary information to us, we agree to the same obligations of confidentiality and non-use as are imposed on you by this Agreement.

5 MISCELLANEOUS

5.1 **<u>Duration</u>**. The obligations set forth in this Agreement will continue during and beyond the term of your relationship with us and for as long as you possess Confidential Information.

5.2 **<u>Waiver</u>**. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition. Any waiver to this Agreement's provisions must be made in signed writing by the granting party.

5.3 **Construction**. This document is the entire agreement between the parties. It supersedes all prior or contemporaneous written and oral agreements or understandings with respect to the subject matter of this Agreement. It may not be modified or amended except by signed written agreement. This Agreement benefits and binds the respective heirs, executors, administrators, successors, and assigns of the parties.

5.4 **Enforcement**. The prevailing party (the party who recovers the greater relief) in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorney fees. These will be set by the arbitration, proceeding, or court, including costs and attorney fees on appeal or review from the arbitration, proceeding, suit, or action.

5.5 **Acknowledgments**. No person has made any other representation that is not expressly set forth in this Agreement to induce you to accept and execute this Agreement.

6 SIGNATURES IN WITNESS, the parties have executed this Agreement on the date written above.

("we/us"): **ARCTIC WELLNESS CENTER, LLC**

By: ________________________
Title: ________________________

("you): ________________________________

By: ________________________
Title: ________________________

EXHIBIT K TO THE FRANCHISE DISCLOSURE DOCUMENT

ADMINISTRATIVE SERVICES [Management] AGREEMENT FORM

THIS ADMINISTRATIVE SERVICES AGREEMENT (the “Agreement”) is made, entered into and effective on and as of, by and between [______________________________] (the “Company”), and [_____], a [________] [professional] limited liability company (the “PC).

RECITALS

A. The PC has been formed under the laws of the State of [________] to render professional medical services to individuals at one or more locations in various states throughout the United States.

B. Company is an Arctic Elevation franchisee engaged in the business of operating an Arctic Elevation® retail outlet store (“**Arctic Elevation Store**” or “**Store**”) that provides, or facilitates access to, alternative wellness services, including certain specialty services that may be deemed professional medical services (“Specialty Services”) under federal, state, and local rules, regulations, attorney general opinions, medical board pronouncements and determinations related to the practice of medicine and other related requirements in the Company’s geographic location (“Authorized Care Provider Regulations”).

C. Company is required to contract with the PC to ensure licensed physicians or practitioners, who are employed by or under contract with the PC, are available to administer or supervise customers’ access to, and the performance of, the Specialty Services on-site and from remote locations (collectively “Authorized Care Providers”).

D. When Specialty Services are administered to customers, Company will provide non-clinical administrative services to support the Authorized Care Provider’ administration or supervision of the Specialty Services.

E. Company desires to contract with the PC to have Authorized Care Providers administer, or provide the Specialty Services at Company’s Store, and the PC desires to contract with the Company for the right to use space in Company’s Arctic Elevation Store and receive non-clinical administrative services by the Company (“Administrative Services”), as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises 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. ENGAGEMENT

1.1 Engagement. The PC hereby engages the Company, and the Company hereby agrees to be engaged by the PC, to be the exclusive provider of Administrative Services during the Term (as defined below). The PC acknowledges that the Company is providing the Administrative Services to the PC on a non-exclusive basis and may provide similar services to other persons or entities.

2. SPECIALTY SERVICES; DUTIES OF THE PC

2.1 Professional Standards. Specialty Services shall be performed solely by, or under the direct supervision of, licensed physicians or nurse practitioners who are employed by or under contract with the PC ("PC Providers"). The PC shall have complete and absolute control over the methods by which the PC, the PC Providers and other Clinical Staff practice medicine and/or render the professional services that they are licensed to provide. To the extent required by applicable law, the PC Providers shall supervise, oversee and train all licensed, non-physician clinical staff ("Clinical Staff"). The PC shall require that all PC Providers and Clinical Staff comply with applicable ethical standards, laws and regulations. The PC shall promptly inform the Company of any disciplinary actions or professional liability actions involving PC, PC Providers and Clinical Staff and shall provide any information reasonably requested by Company related thereto.

2.2 Continuing Medical Education. The PC shall ensure that each of its PC Providers comply with all continuing education requirements necessary to maintain licensure and, as applicable, certification.

2.3 Billing. The PC shall control the amount of professional fees or other amounts charged and collected by the PC for the Specialty Services provided by the PC Providers and Clinical Staff. The PC hereby appoints the Company to act as its agent in the billing and collection of all PC revenues, to the extent permitted by applicable law. The PC shall cooperate and shall cause the PC Providers and Clinical Staff to cooperate with the Company in all reasonable matters relating to the billing and collection of all Professional Fees. The PC Providers shall review and approve the reports and other information required to support complete and accurate bills. The PC, in consultation with the Company, shall establish reasonable policies and procedures with respect to billing and collection matters. The PC hereby authorizes the Company to endorse and negotiate on the PC's behalf any checks or payments received by the PC, any PC Provider (in his or her capacity as such) or any Clinical Staff. The PC and the Company shall comply with applicable federal, state, and local statutes and regulations regarding the billing and collection of all Professional Fees.

2.4 PC Expenses. The PC shall be solely responsible for the payment of all PC Expenses (as defined below), which, to the extent permitted by applicable law, the Company shall pay as agent for and on behalf of the PC. "PC Expenses" means the expenses, incurred or otherwise approved by the PC, whether incurred directly by the PC or incurred on behalf of PC by the Company, including: state and federal payroll taxes or self-employment taxes incurred by the PC in connection with employment of PC Providers and Clinical Staff, compensation and benefit expenses for PC Providers and Clinical Staff, premiums for professional and general liability insurance, medical books and journals, registration fees for continuing medical education, registration fees for continuing education required for PC Providers and Clinical Staff, membership dues for professional organizations, locum tenens expenses, facility leases, repairs and maintenance, telephones, utilities, billing services, courier services, legal expenses, travel and entertainment, outside medical consultants, license fees, and other expenses approved from time to time by the PC.

2.5 Medical Records. The Company shall provide PC with access to an electronic medical record system, but PC shall own, maintain and be solely responsible for the preparation and the contents of all medical records. The PC shall be responsible for ensuring proper documentation of medical services by the PC Providers and Clinical Staff. The PC and the Company shall comply with applicable federal, state and local statutes and regulations regarding the confidentiality and retention of such records. At the PC's request, the Company will assist in processing and responding to individual and third-party requests for the medical records.

2.6 Establishment of Receivables Account; Deposit of Proceeds.
The PC may establish and maintain a deposit bank account (the “Receivables Account”). The PC may (A) deposit or cause to be deposited promptly all cash, checks, drafts or other similar items of payment relating to or constituting receivables of the PC into the Receivables Account and (B) request in writing and otherwise take such reasonable steps to ensure that all account debtors remit all payments of Receivables into the Receivables Account.

3. ADMINISTRATIVE SERVICES; DUTIES OF THE COMPANY

3.1 Recommended Professional Fees. The Parties acknowledge and agree that the PC shall have sole control over the amount of Professional Fees charged, collected, or other amounts due in connection with services and goods provided by the PC. The Company, at the request of PC, may recommend charges, premiums, or other amounts due in connection with services and goods provided by the PC.

3.2 Consultation Services. The Company shall, in consultation with the PC, assist the PC in assessing business activities, customer satisfaction, and outcomes monitoring. The Company shall develop systems to assist the PC in tracking revenues, expenses, cost accounting, utilization, quality assurance, physician productivity and customer satisfaction.

3.3 Related Office Services. The Company shall, in consultation with the PC, manage the office space and provide any related office and medical furniture, fixtures, supplies and equipment necessary to enable the PC to provide medical services in an organized and efficient manner, provided that PC shall approve the selection of any medical equipment and medical supplies. The PC shall maintain complete control over those aspects of related office services that involve direct medical care provided to individuals.

3.4 Electronic Medical Record. The Company shall make available to PC an electronic medical record system. The PC shall be responsible for ensuring proper documentation of medical services by the PC Providers and Clinical Staff in such electronic medical record system and shall own the contents of all such medical records.

3.5 Business Office and Support Services. The Company shall provide, in accordance with applicable law, computer, billing and collection, accounts receivable and accounts payable services necessary for the management of the Specialty Services performed by the PC and its Authorized Care Providers at the Arctic Elevation Store pursuant to this Agreement. The Company shall also order and purchase on behalf of the PC certain office and other supplies reasonably required in the day-to-day operation of the PC and Specialty Services performed by the PC and its Authorized Care Providers at the Arctic Elevation Store pursuant to this Agreement. Notwithstanding the foregoing, the PC shall be solely responsible for the ordering, purchasing, stocking, and monitoring of any pharmaceuticals or other medical items and supplies that require a permit, licensure registration, certification, or identification number to order. Upon request from the PC, the Company may arrange for access to information systems services and other necessary operational services.

3.6 Personnel Services. The Company shall provide the following personnel services to the PC:

To the extent not provided by the PC, the Company shall provide personnel (i.e., managerial, clerical, secretarial, bookkeeping, billing and collection personnel) as determined by the Company, and as necessary to provide the Administrative Services under this Agreement. To the extent not provided by the PC, the Company shall provide personnel for the maintenance of billing and collection records, financial records, and medical records, to the extent the PC has custody of medical records. The Company shall determine the assignments, salaries and fringe benefits of all the nonmedical personnel provided by the Company. The Company retains decision-making authority regarding all non-medical administrative matters. Non-medical personnel may perform services from time to time for the Company or other individuals or entities, provided that such services do not interfere with the Company's obligations hereunder. The Company, in its sole discretion, may utilize employees or independent contractors to provide such services.

The PC shall be responsible for the hiring, firing, disciplining and determination of compensation and benefits of the PC Providers and Clinical Staff.

3.7 Third-Party Payors. The Parties acknowledge that at present, the Arctic Elevation proprietary service line, as well as the Specialty Services, is not billable to or reimbursable by any third-party payors.

3.8 Billing and Collection. The Company shall provide billing and collection services for all Specialty Services rendered by the PC and Authorized Care Providers. Such billing and collection services may include: (i) submission of regular bills for each individual who receives medical care from PC Providers and Clinical Staff; and (ii) accounting for the collection of all revenues of the PC. The PC and the Company shall comply with applicable federal, state, and local statutes and regulations regarding the billing and collection of PC revenues. All charges collected and all collections from services rendered by the PC shall be paid directly to the PC and deposited in an account in the name of and under the PC's sole control.

3.9 Additional Services. The Company shall provide Administrative Services required for the day-to-day operation of the PC, including any additional administrative services agreed to by the parties not otherwise described above.

3.10 Use of Certain Aspects of the Arctic Elevation System. The PC understands that the Company has obtained from Arctic Franchising, LLC (the "Franchisor") the right to use the name "Arctic Elevation" and any other proprietary marks, trade names, logos, and the like ("Proprietary Marks") and the right to use the proprietary service line and other information, tangible and intangible, whether spoken, printed, electronic or any other form or medium provided to the Company by Franchisor (the "System") and has obtained the right to permit the Practice to use the System, subject to the provisions herein. The Practice expressly acknowledges that it is not the owner of the System or the Proprietary Marks and it shall not represent in any manner that it has acquired any ownership rights in the System or the Proprietary Marks and shall not use any of the System or Proprietary Marks or any marks, names, or indicia which are, or may be confusingly similar, in its own entity or business name. The Practice further agrees that it is not licensed to use, nor shall it use, the Proprietary Marks. The Practice further acknowledges and agrees that any and all goodwill associated with the System and Proprietary Marks shall inure directly and exclusively to the benefit of the Franchisor.

The Company permits PC to use and apply the clinical components of the Arctic Elevation proprietary services line and the System that pertain to the provision of medical services in connection with rendering such services to Arctic Elevation clients. Subject to Article 5, the PC shall use the System only in such manner as authorized by the Company and the Franchisor, which Franchisor may in its sole discretion modify from time to time. The PC's right to use the System is derived solely from this Agreement. Any unauthorized use of the System by the PC shall constitute a breach of this Agreement. The PC understands and agrees that any use of the System other than in accordance with this Agreement, without the Company's and Franchisor's prior written consent, is an infringement of Franchisor's rights therein. The PC further acknowledges and agrees that the right to use the System granted herein does not extend beyond the termination or expiration of this Agreement. The PC expressly covenants that, during the term of this Agreement and thereafter, the PC shall not, directly or indirectly, commit any act of infringement or contest the validity of Franchisor's right to the Proprietary Marks, or aid others in infringing or contesting the Franchisor's right, title, and interest in the Proprietary Marks. The PC acknowledges that the unauthorized use of the System or Proprietary Marks will cause irreparable injury to the Franchisor and that damages are not an adequate remedy.

Franchisor reserves the right to modify or discontinue use of the System or use one or more additional or substitute trade or service marks in Franchisor's sole discretion. Subject to Article 5, if Franchisor exercises such right, the PC agrees to comply with Franchisor's directions, as communicated to it by the Company, to modify or otherwise discontinue the use of such System. Any and all expenses or costs incurred by the PC associated with such modification or discontinuance of any element of the System shall be the sole responsibility of the PC. In no event will the Franchisor be liable to the PC for any purported loss or damage due to the modification or discontinued use of System or the Proprietary Marks.

4. CONFIDENTIALITY

4.1 Confidential Information. The Parties acknowledge and agree that the Confidential Information (as defined below) of each Party, as such may exist from time to time and be disclosed to the other Party, are valuable, confidential, special and unique assets, expensive to produce and maintain, and essential for the profitable operation of their respective businesses. During the course of this Agreement, or at any time thereafter, neither party nor their owners, officers, employees, agents or independent contractors shall, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person or entity any Confidential Information so far as such Confidential Information has come or may come to their knowledge, except as may be required by law or except as may be in the public domain through no fault of their own, and shall not use or attempt to use any such Confidential Information in any manner that may injure the disclosing Party or may be calculated to injure the disclosing Party, whether directly or indirectly. "Confidential Information" shall include any patents, patent applications, licenses, copyrights, trademarks, trade names, service marks, service names, know-how, trade secrets, customer lists, details of health care facility, payor or consulting contracts, pricing policies, operational methods, marketing plans or strategies, product development techniques or plans, procurement and sales activities, promotional and pricing techniques, credit and financial data concerning health care facilities, payors or customers, business acquisition plans or any portion or phase of any scientific or technical information, ideas, discoveries, designs, computer programs (including source or object codes), processes, procedures, formulas or improvements, whether or not in written or tangible form, and whether or not registered, and including all memoranda, notes, plans, reports, records, documents and other evidence thereof. The provisions of this Section 4.1 shall survive the termination of this Agreement for any reason.

4.2 Return of Confidential Information. Upon the termination of this Agreement for any reason, the receiving Party agrees to return to the disclosing Party or destroy any Confidential Information then in its possession. Further, the receiving Party shall cause each of its officers, employees, agents or independent contractors to return or destroy any Confidential Information in any such individual's possession upon his or her disassociation from the receiving Party and upon the termination of this Agreement for any reason. The provisions of this Section 4.2 shall survive the termination of this Agreement for any reason.

4.3 Breach of Covenants. The parties agree that the disclosing Party would suffer irreparable injury for which there is no fully adequate legal remedy should the receiving Party violate any of the covenants contained in Section 4.1 or 4.2. Without limiting any other legal or equitable rights each Party may possess, the receiving Party expressly agrees that the disclosing Party or its assigns shall be entitled to preliminary and permanent injunctive relief without the necessity of first proving damages in the event of a threatened or actual breach of any of such covenants. The disclosing Party's right to injunctive relief shall exist notwithstanding any dispute, controversy, or allegation of breach by the receiving Party hereunder or otherwise. Each Party shall cause its owners, officers, employees, agents and independent contractors to execute such documents as may be necessary to confirm and give effect to this Article 4.

5. USE OF INDEPENDENT JUDGMENT; PC EMPLOYEES AND INDEPENDENT CONTRACTORS

5.1 The PC shall have sole responsibility, and the Company shall have no responsibility, for the hiring, firing, compensation, supervision, or any training of PC Provider or Clinical Staff employed or otherwise retained by the PC. Notwithstanding anything contained in Articles 2 or 3 to the contrary, neither the Company nor Franchisor (as defined below) shall exercise any authority, influence or control over nor have any responsibility for, the professional services rendered by the PC to any individual. PC Providers and Clinical Staff shall exclusively exercise their independent, medically appropriate judgment in all clinical decisions, as they determine to be in the best interests of the individual.

5.2 No portion of this Agreement is intended to, or will be interpreted to, interfere with any PC Providers' ability to exercise their independent, clinical and professional judgment, including making referrals as medically appropriate. The PC, PC Providers and Clinical Staff shall be solely responsible for the procurement and maintenance of any and all licenses, permits or other certifications that the PC or such providers may be required to hold in order to provide professional services. The PC warrants and covenants that it shall provide the Company with written notice within 24 hours in the event the license or governmental program participation (if the PC participates in any governmental health care programs) of the PC or any PC Provider or Clinical Staff, as applicable, (i) lapses or is suspended, revoked, restricted, limited, or (ii) is subject to any disciplinary or investigative procedure, order or other such similar events.

5.3 The PC shall cause PC Providers to perform all medical management deemed necessary or advisable by either the PC to satisfy applicable laws, and good medical practice organization and

6. BOOKS AND RECORDS

6.1 The PC shall have the right to inspect the books and records of the Company regarding its collections, billing, accounting and other administrative and management functions provided by the Company on behalf of the PC.

7. COMPENSATION AND EXPENSES

7.1 Compensation. The Parties hereby agree and acknowledge that, in exchange for all the Administrative Services rendered by the Company in accordance with this Agreement, the PC shall pay the Company an Administrative Services Fee (as defined in Exhibit A, which is attached to and made a part of this Agreement). Upon notice to PC, the Company may adjust the components of the Administrative Services Fee annually to reflect the scope of services provided by the Company.

7.2 Reasonable Value. The Parties acknowledge and agree that the Administrative Services Fee is commercially reasonable and reflective of the Parties' negotiated agreement as to the fair market value of the comprehensive Administrative Services actually provided to the PC by the

Company pursuant to this Agreement. No portion of the Administrative Services Fee is intended to be, or shall be interpreted as, any commission, bonus, kickback, rebate, patient-brokering or fee splitting arrangement in any form.

8. TERM AND TERMINATION

8.1 Term. The Parties intend that the initial term of this Agreement shall be 10 years. Thereafter, this Agreement shall automatically renew for successive 5-year terms unless earlier terminated as provided herein.

8.2 Termination. Either party may terminate this Agreement upon a material breach of any provision of this Agreement by the other party that is not cured within sixty (60) days after the date of written notice specifying the nature of the alleged breach. The Company may immediately terminate this Agreement in the event the PC or any PC Provider is no longer licensed to practice medicine or is suspended or terminated from participation in any federal or state health care program. The Parties hereto may terminate this agreement at any time by mutual written consent.

9. STATUS OF THE PARTIES

9.1 In the performance of the duties, responsibilities and obligations required by this Agreement, the Company shall always be performing as an independent contractor of the PC.

9.2 Except as otherwise expressly provided herein, no act, work, commission or omission by the Company pursuant to the terms and conditions of this Agreement shall be construed to make or render the Company an agent of the PC. This Agreement also does not intend to create any employment, joint enterprise or joint venture relationship with the PC or PC Providers.

9.3 No PC Provider or Clinical Staff shall be an agent or employee of the Company.

9.4 Nothing in this Agreement limits the right of the Company to provide any services or products or enter into any contractual arrangements with any person or entity other than the PC, including persons or entities in similar businesses or in competition with the PC.

9.5 The Parties agree to comply with federal and state privacy and security laws, including Health Insurance Portability and Accountability Act of 1996 and the privacy and security regulations promulgated thereunder (Public Law No. 104-191) (collectively "HIPAA"), if deemed applicable by the Parties.

10. INSURANCE AND INDEMNIFICATION

10.1 Each party shall maintain such policies of general liability and professional liability insurance as are commercially available at limits of liability customarily maintained by similar enterprises and in compliance with applicable state laws, if any. Immediately upon becoming aware of any claim or possible claim against its insurance policies, the PC shall notify the Company thereof and provide all pertinent details.

10.2 The Company (the "Indemnifying Party") shall indemnify, defend and hold harmless the PC and its owners, officers, employees, agents and independent contractors (the "Indemnified Party") from and against any and all third party costs, fees, expenses, claims, demands, actions and rights of action, damages, liabilities and reasonable expenses of any kind whatsoever ("Liabilities") that shall or may arise by virtue of any act or omission by or of, or any breach of this Agreement by, the Indemnifying Party, *except* to the extent such Liabilities arise as a direct result of the gross negligence or willful misconduct of the Indemnified Party; provided, however, that the Indemnifying Party shall be notified promptly and in writing of the existence of such Liabilities and shall have the right to assume defense of any such Liabilities.

11. MISCELLANEOUS

11.1 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given when delivered if delivered in person, or three (3) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by nationally recognized overnight courier. All such communications shall be sent to the following addresses, or to such other addresses as any of the Parties may designate by written notice in the manner aforesaid:

If to the Company: [____]

If to the PC:
[______________]

Either party may change its address specified for notices by designating a new address via notice in accordance with this Section 11.1.

11.2 Assignment. The Company and the PC may freely assign this Agreement at any time and for any reason without consent of the other party.

11.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, legal representatives and permitted assigns.

11.4 Contract Modification; Severability. If any provision of this Agreement is adjudged to be illegal, invalid, or unenforceable under present or future laws in effect during the term of this Agreement for any reason, such provision shall, if possible, be reformed to comport with the law. If reformation is not possible, the invalidity or unenforceability of the provision shall not affect the remainder of this Agreement, which shall continue in full force and effect and be enforceable in accordance with its terms. If any provision hereof is adjudged to be unenforceable as applied to any particular condition or circumstances, such unenforceability shall not affect the application of such provision to any other condition or circumstances. If any restriction contained in this Agreement is adjudged to be unreasonably restrictive or unduly broad, then the Parties desire that the restriction be modified so as to be given effect to the maximum extent permitted by law. If and to the extent that this Agreement omits any provision currently or hereafter required to be included pursuant to federal or state statute or regulation, this Agreement shall not thereby be rendered invalid but shall be construed and applied as if it were in full compliance with such statutes and regulations as in effect from time to time.

11.5 Conformance with Law. Each party agrees to carry out all activities undertaken by it pursuant to this Agreement in conformance with all applicable federal, state, and local laws, rules, and regulations.

11.6 Arbitration. Each Party agrees that all controversies, disputes, or claims between them or their respective affiliates, shareholders, officers, directors, partners, members, managers, agents, and/or employees arising out of or related to this Agreement, or any breach hereunder, must be submitted for binding arbitration, on demand of either Party, to the American Arbitration Association. There shall be one (1) arbitrator if the amount of the claim is Five Hundred Thousand Dollars ($500,000) or less, or three (3) arbitrators if the amount of the claim is more than Five Hundred Thousand Dollars ($500,000). If there are three (3) arbitrators, the claimant shall appoint one (1) arbitrator in its notice of arbitration and statement of claim; the respondent shall appoint one (1) arbitrator in its statement of defense, and the third arbitrator, who shall act as the Chairman, shall be appointed by the two (2) arbitrators appointed by the Parties within thirty (30) days of the appointment of the second arbitrator. If any arbitrators are not appointed within these time periods, the AAA shall make the appointments. The arbitration proceedings will be conducted, except as this Section otherwise provides, according to the then-current commercial arbitration rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrators in the city in which the PC's then-current principal business address is located (currently, Renton, WA). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except as expressly provided otherwise in the remainder of this Section, judgment upon the arbitrators' award may be entered in any court of competent jurisdiction.

The arbitrators have the right to award or include in their award any relief which they deem proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrators may not declare any Mark generic or otherwise invalid or, except as expressly provided in this Section, award any punitive or exemplary damages against either Party (it being understood that each Party hereby waives to the fullest extent permitted by law, except as expressly provided in this Section, any right to or claim for any punitive or exemplary damages against the other). All aspects of the arbitration, including statements made and documents produced within the arbitration, will be confidential in nature and will not be admissible in any subsequent legal proceeding.

Each Party agrees to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable state law or this Agreement, whichever expires earlier. Each Party further agrees that, in any arbitration proceeding, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrators may not consider any settlement discussions or offers that might have been made by either Party.

Each Party agrees that arbitration will be conducted on an individual, not a class-wide,
basis and that an arbitration proceeding under this Agreement may not be consolidated with any other arbitration proceeding between the PC and any other person. If any court or arbitrators determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then the Parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with the remaining provisions in this Section.

Any Party seeking a temporary restraining order or temporary or preliminary injunctive relief from a court of competent jurisdiction must contemporaneously submit their dispute for arbitration on the merits as provided in this Section Each Party agrees that the provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

11.7 Entire Agreement; Amendment. This Agreement, together with the exhibits hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, arrangements, or understandings, written or oral, with respect to the same subject matter. Neither party has made or given any representation, warranty or inducement to the other that is not set forth herein. Subject to Section 7.1, no amendment to this Agreement shall be effective unless and until made in writing and signed by an authorized officer or agent of each party.

11.8 Governing Law. Notwithstanding the place where this Agreement may be executed by any of the Parties hereto, the Parties expressly agree that all terms and conditions of this Agreement shall be governed by, construed and enforced in accordance with, the laws of the State of Washington, without regard to the conflicts of laws principles thereof.

11.9 Third Party Beneficiaries. Except as described in this Section 11.11, nothing in this Agreement is intended to confer any rights or remedies on any person or entity other than the Parties to this Agreement, their respective successors and assigns, and no other person or entity is intended to be nor shall be a third-party beneficiary of this Agreement. Notwithstanding the previous sentence, the PC agrees that the Company's affiliates are express and intended third party beneficiaries of this Agreement.

11.10 Waiver of Breach. No provision of this Agreement shall be deemed waived unless evidenced by a written document signed by an authorized officer or agent of the party to be charged with the waiver. The waiver by either party of a breach of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision of this Agreement.

11.11 Construction. The Parties have jointly participated in the negotiation and drafting of this Agreement. In the event of any ambiguity or question of intent or interpretation, no presumption or burden of proof shall arise favoring or disfavoring any party hereto. The section and other headings contained in this Agreement are for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. References to numbered sections and articles denote the Sections and Articles of this Agreement unless otherwise specified. Forms of the verb "include" are used in an illustrative rather than a limiting sense. Whenever the context of this Agreement requires, the gender of all words shall include the masculine, feminine, and neuter, and the number of all words shall include the singular and plural.

11.12 Counterparts. This Agreement and any amendments may be executed in multiple counterparts, each of which shall be deemed an original, but all which taken together shall constitute one and the same instrument.

11.13 Additional Assurances. Except as may be otherwise expressly provided herein, the provisions of this Agreement shall be self-operative and shall not require further documentation.

11.14 Force Majeure. Neither party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, pandemics, accidents, fires, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by such party's employees, or any similar or dissimilar cause beyond the reasonable control of such party.

11.15 Authority. Each signatory to this Agreement represents and warrants that he possesses all necessary capacity and authority to act for, sign, and bind the respective entity on whose behalf he is signing.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto affix their signatures below and execute this Administrative Services Agreement under seal.

COMPANY:

[______________________]

By: ______________________________
Name:
Title:

PC:
[______________________]
By: ______________________________
Name:
Title:

EXHIBIT K TO THE FRANCHISE DISCLOSURE DOCUMENT

MEDICAL DIRECTOR AGREEMENT

THIS MEDICAL DIRECTOR AGREEMENT ("**Agreement**") is made and entered into [DATE] ("**Effective Date")** by and between

	[COMPANY NAME] (the "**Company**"), a company organized and existing under the laws of the State of [STATE/PROVINCE], with its head office located at: [COMPLETE ADDRESS]
AND:	**[PHYSICIAN NAME]** (the "**Physician**"), an individual located at: [COMPLETE ADDRESS]

RECITALS

WHEREAS, Company is an entity organized under the laws of the State of [STATE] and engaged in the business of providing medical services in the area of [SPECIALTY] (the "**Business**");

WHEREAS, Physician is duly licensed by the State of [STATE] and has special knowledge in [SPECIALTY];

WHEREAS, Physician has particular skills, knowledge, and abilities useful to the Business;

WHEREAS, to fulfill its duties to its customers, Company requires the services of a physician to serve as its Medical Director;

WHEREAS, Physician agrees to serve as Company's Medical Director.

NOW, THEREFORE, for and in consideration of the promises and mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1 DUTIES AND OBLIGATIONS

1.1. SERVICES TO BE RENDERED BY PHYSICIAN. Physician will spend such time as is necessary, but not less than [AMOUNT] hours and not more than [AMOUNT] hours per month, performing the following services ("**Services**") as Company's Medical Director.

1.1.1. Physician will review patient records, physician orders, coverage requirements of third-party payors, and provide guidance to Company on any identified issues.

1.1.2. Physician will monitor and evaluate the drugs dispensed and pharmacy services provided by Company's personnel to customers.

1.1.3. Physician will evaluate Company's practices from a medical perspective and provide recommendations for improvement.

1.1.4. Physician will assist in reviewing and offering suggestions to the plan of care for customers of Company.

1.1.5. Physician will be available during regular business hours and on-call during specified non-business hours to answer questions and provide guidance to Company's personnel.

1.1.6. Physician will update Company concerning recent health care developments that, in the Physician's opinion, will be beneficial to Company's customers.

1.1.7. Upon request, Physician will provide the following Services:

a. Physician will assist Company in implementing new patient care practices.

b. Physician will assist Company in the development of a procedure manual and treatment protocols.

c. Physician will assist Company in the development of standards and procedures designed to (i) ensure that physicians' orders are appropriate, (ii) guide discussions with physicians about problematic orders, and (iii) guide responses to requests for consultations concerning appropriate care.

d. Physician will assist in the development and review of quality assurance policies, standards, and criteria.

e. Physician will assist in the development of standards for staff to ensure that the individuals providing pharmacy services are qualified.

f. Physician will assist Company in identifying and addressing accreditation requirements of the Company.

g. Physician will assist Company in complying with third party payor requirements.

h. Physician will provide in-service training to Company's personnel.

i. Physician will review Company's policies regarding the dispensing of prescription medications and the provision of pharmacy services. Physician will recommend revisions to such policies.

j. Physician will assist Company in complying with state and federal regulations.

If any state or federal law or regulation prohibits Physician from rendering a Service, then Physician will not render that Service, and the obligation to do so will be automatically deemed stricken from this Agreement.

1.2. PHYSICIAN QUALIFICATIONS. Physician warrants and represents that they are able to perform all professional services hereunder in strict accordance with the prevailing standard of care in the relevant community. Physician further represents and warrants, that they have all qualifications, certificates, and/or licenses required by federal, state, or local law, and any other governmental regulation, to fully perform their duties hereunder.

1.3. ABSENCES. Physician shall notify Company in writing of any anticipated absences due to vacation, illness, professional education, or any other absences that may prevent Physician from fulfilling their duties under this Agreement. Such notification shall be provided to the Company's chief executive office at least [NUMBER] days in advance, or as soon as reasonably practicable in case of unexpected absences. During any absences, Physician shall make reasonable efforts to minimize any disruption to the Services and shall provide any necessary information or documentation to ensure continuity of care for Company's customers during their absence.

1.4. MEDICARE AND MEDICAID STATUS. Physician represents and warrants that Physician has never been: (i) convicted of a criminal offense related to health care and/or related to the provision of services paid for by Medicare, Medicaid, or any other federal or state health care program; or (ii) excluded from participation in any federal or state health care program, including, but not limited to, Medicare and

Medicaid.

1.5. NOTIFICATION REQUIREMENTS. Physician shall notify Company immediately in the event that Physician is: (i) convicted of a criminal offense related to health care and/or related to the provision of services paid for by Medicare, Medicaid, or another federal or state health care program; or (ii) excluded from participation in any federal or state health care program, including but not limited to, Medicare and Medicaid.

2 COMPENSATION

2.1 COMPENSATION FOR SERVICES. In consideration for the Services rendered by Physician pursuant to this Agreement, Company will pay Physician a fixed annual fee of $[AMOUNT], which shall be paid in equal bi-monthly. This amount will be subject to adjustment in case of changes in the services provided or hours worked by the Physician. On or before the fifth day of each month, Physician shall submit to Company a monthly report describing the Services rendered by Physician during the preceding month, along with the number of hours expended by the Physician during the preceding month.

2.2 EXPENSES. Except as otherwise provided herein, Physician shall be responsible for their expenses in rendering Services pursuant to this Agreement.

2.3 FRINGE BENEFITS AND TAXES. Physician acknowledges and agrees that (i) they shall not be entitled to any employee benefits provided by Company to its employees, including, but not limited to disability, life insurance, pension and annuity benefits, educational allowances, professional membership dues, and sick, holiday or vacation pay; (ii) Company will not withhold income taxes or pay Social Security or unemployment taxes for Physician, such being the exclusive responsibility of Physician, which Physician agrees to discharge fully; and (iii) Physician shall indemnify and hold harmless Company against any and all liability related to withholding or failure to withhold income taxes or paying or not paying Social Security or unemployment taxes for Physician. If the Internal Revenue Service or any other governmental agency challenges the independent contractor status of the Physician, the parties agree that Physician and Company shall have the right to participate in any discussion or negotiation that occurs in the course of such challenge.

3 TERMS AND TERMINATION

3.1 TERM. The term of this Agreement shall be for one year beginning on the Effective Date and terminate in [TIME PERIOD] unless earlier terminated as provided herein. This Agreement shall be automatically renewed for an additional term of one year, unless one party notifies the other on or before 60 days prior to the end of the then-current term, in writing, of its intent to terminate. "**Term**," as used herein, shall refer to the initial term as well as any renewal term while this Agreement is in effect.

3.2 TERMINATION UPON DEFAULT. In the event a party defaults under the terms of this Agreement ("**Defaulting Party**") then the other party ("**Non-Defaulting Party**") shall give the Defaulting Party written notice of the default. The Defaulting Party shall then have fifteen (15) days within which to cure the default to the reasonable satisfaction of the Non-Defaulting Party. In the event that the Defaulting Party does not cure the default as specified in the preceding sentence, then the Non-Defaulting Party may immediately terminate this Agreement and/or may exercise all remedies available at law.

3.3 IMMEDIATE TERMINATION. Company may immediately terminate this Agreement upon giving written notice thereof to Physician (but without giving the Physician a right to cure) in the event that (i) Company reasonably concludes that Physician has engaged in acts that adversely affect the name or goodwill of Company; (ii) the Physician is convicted of a criminal offense related to health care and/or related to the provision of services paid for by Medicare, Medicaid, or another federal or state health care program; (iii) the Physician is excluded from participation in any federal or state health care program, including, but not limited to, Medicare and Medicaid; or (iv) the Physician breaches their duties set forth in the Physician

Addendum.

3.4 TERMINATION WITHOUT CAUSE. Either party may terminate this Agreement at any time without cause upon 30 days' prior written notice.

3.5 MUTUAL TERMINATION. This Agreement may be immediately terminated at any time by mutual agreement of the parties.

3.6 EFFECT OF TERMINATION. In the event of termination of this Agreement, Physician shall be entitled to accrued but unpaid compensation, as provided in this Agreement. All amounts payable shall be paid within 30 days of the date of termination. If this Agreement is terminated for any reason within one year of the Effective Date, the parties shall not enter into any additional agreement for the same or similar services during the remainder of the original year of this Agreement.

4 INSURANCE

Physician will maintain, at their sole expense, a valid policy of insurance covering professional liability arising from the acts or omissions of Physician, their agents and employees, with a minimum coverage amount of $[AMOUNT], or in an amount generally considered standard for a physician in the practice area and locality of Physician, whichever is greater. Physician will forward a certificate of insurance to Company, upon request, and will give Company prompt written notice of any material change in Physician's professional liability coverage. Physician further agrees to provide the company with a copy of malpractice insurance certificate within thirty (30) days of the annual renal of such policy.

5 PROTECTED HEALTH INFORMATION

The provisions detailed in this section are for purposes of complying with the Security Standards for the Protection of Electronic Protected Health Information and the Standards for Privacy of Individually Identifiable Health Information (collectively the "**HIPAA Standards**"), 45 CFR parts 160 and 164, and apply with respect to all Protected Health Information ("**PHI**"), as defined in 45 CFR § 164.501, created, received, maintained, or transmitted by Physician ("**Business Associate**") in performing their duties under this Agreement.

a. Under this agreement, the Physician and Company have made certain mutual commitments. The Physician will not use or disclose Protected Health Information (PHI) other than as allowed or mandated by this Agreement, as modified in writing or by law.

b. The Physician will establish and maintain safeguards that adequately protect the confidentiality, integrity, and availability of the electronic PHI it handles in accordance with the HIPAA Standards and Subpart C of 45 CFR Part 164.

c. The Physician will endeavor to mitigate any harmful effect that arises from a PHI violation. The Physician is also required to perform obligations under Subpart E of 45 CFR Part 164 that pertain to the Company.

d. The Physician must report to the Company any unauthorized use or disclosure of PHI or any security incident as defined in 45 CFR § 164.304. They must also promptly notify the Company of any breach of unsecured PHI as defined in 45 CFR § 164.402.

e. The Physician must ensure any of its agents or subcontractors handling PHI comply with the same restrictions and conditions. They must also provide access to their records related to PHI to the Secretary of Health and Human Services for compliance verification as per the HIPAA Standards.

f. The Physician will provide PHI at the Company's request to enable response to individual access requests as per 45 CFR § 164.524. They also must make PHI available for amendment in accordance with 42 CFR § 164.526.

g. The Physician may use or disclose PHI solely to perform services for the Company, consistent with the HIPAA Standards. They may also use or disclose PHI for their own management and administrative purposes or to fulfill legal obligations, given that the confidentiality of the information is maintained.

h. If the Physician breaches this confidentiality, the Company may terminate the agreement or report the violation to the Secretary. Upon termination, the Physician must return or destroy all PHI, unless it is unfeasible, in which case the protections of this Agreement must continue to apply to such PHI.

6 INDEPENDENT CONTRACTOR RELATIONSHIP

Nothing in this Agreement shall be construed to constitute either party a partner, employee or agent of the other, nor shall either party have authority to bind the other in any respect, it being intended that each shall remain an independent contractor solely responsible for its own actions. No employee or agent of one party hereto shall be considered an employee or agent of the other party hereto.

7 MISCELLANEOUS

7.1 CONFORMANCE WITH LAW. The parties recognize that this Agreement is subject to, and agree to comply with, applicable local, state and federal statutes, rules and regulations. Any provisions of applicable statutes, rules or regulations that invalidate any term of this Agreement, that are inconsistent with any term of this Agreement, or that would cause one or both of the parties hereto to be in violation of law shall be deemed to have superseded the terms of this Agreement; provided, however, that the parties shall use their best efforts to accommodate the terms and intent of this Agreement to the greatest extent possible consistent with the requirements of applicable statutes, rules and regulations and negotiate in good faith toward amendment of this Agreement in such respect.

7.2 MEDIATION. Any dispute or disagreement arising out of or relating to this Agreement, including the interpretation, performance, or breach thereof, shall be resolved through mediation. The parties shall attempt in good faith to resolve any dispute through mediation conducted by a neutral third-party mediator mutually agreed upon by the parties. The mediation shall be conducted in accordance with the rules and procedures of a reputable mediation service agreed upon by the parties.

a. The mediation requirement set forth in this clause shall be a condition precedent to the commencement of any legal action or proceeding. However, this clause shall not prevent either party from seeking injunctive or other equitable relief from a court of competent jurisdiction in order to enforce its rights under this Agreement.

b. This mediation clause shall survive the termination or expiration of this Agreement.

7.3 PREVAILING PARTY ATTORNEY FEES. In the event that any legal action or proceeding, including arbitration, is brought to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all costs and expenses incurred in connection with such action or proceeding, including reasonable attorney fees and costs. The determination of the prevailing party and the amount of attorney fees and costs to be awarded shall be determined by the court or arbitrator, as applicable.

7.4 REFERRALS. Under no circumstances shall Physician be required to refer patients to Company or require Company to serve the needs of any patient. Compensation paid to Physician pursuant to this Agreement is based solely on the fair market value of services actually provided and not on current or potential referrals of patients, items, or services.

7.5 NOTICES. All notices, demands, or other communications required or provided hereunder shall be in writing and shall be deemed to have been given at the earlier of actual receipt or three (3) days after deposit in the United States mail as provided below. Notice may be sent by electronic mail, facsimile, personal delivery, or by deposit in the United States mail, certified or registered, postage prepaid, return receipt requested. Notice to either party shall be delivered to:

To Company:

____

____

____

To Physician: ____

____

____

or at such other address as either may notify the other in writing, provided such notification is given in accordance with the notice provisions of this Agreement.

7.6 GOVERNING LAW, VENUE, AND JURISDICTION. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance withthe laws of the State of [STATE] without regard to its conflict of laws principles. Any dispute, controversy, or claim arising out of or in relation to this Agreement, including its validity, interpretation, performance, or breach, shall be subject to the exclusive jurisdiction of the courts located in [COUNTY], [STATE]. The parties hereby submit to the personal jurisdiction of such courts and waive any objections to the exercise of jurisdiction over them by such courts. The prevailing party in any such action or proceeding shall be entitled to recover its reasonable attorney fees and costs incurred in connection therewith.

7.7 ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relative to the matters covered and supersedes any and all other oral and written agreements, express or implied, concerning the subject matter of this Agreement. No variations, modifications, or changes in this Agreement shall be binding unless set forth in a document duly executed by both parties.

7.8 ASSIGNABILITY. Neither this Agreement, nor the rights and obligations created under it, may be assigned by either party without the prior written consent of the other party.

7.9 CONFIDENTIALITY OF BUSINESS INFORMATION. Physician acknowledges that in the course of providing the Services required hereunder, Physician will acquire financial, economic, proprietary, and confidential information. Therefore, Physician hereby agrees that Physician shall not make unauthorized disclosures in any manner to any entities or individuals, either during the term of this Agreement or thereafter, of any such information, including, but not limited to, the terms and conditions of this Agreement, business records, or any other matter reflecting on or related to the business, operation, or activities of Company. Without limiting other possible remedies to Company, Physician agrees that injunctive or other equitable relief shall be available to enforce this covenant.

7.10 CONSENT AND WAIVER. No consent or waiver, express or implied, by any party hereto of any breach or default by the other party shall be deemed or construed to be a consent or waiver to or of any other breach or default. Failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long the failure continues, shall not constitute a waiver by that party of its rights hereunder.

7.11 SEVERABILITY. If any provision of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable to any extent, the illegality or unenforceability shall extend to that provision only, and the remainder of this Agreement shall be enforced to the greatest extent permitted by law as if such illegal or unenforceable provision were not incorporated herein.

7.12 FORCE MAJEURE. In the event that either party is prevented from performing any of its obligations under this Agreement as a result of any event or circumstance beyond its reasonable control, including but not limited to acts of God, natural disasters, war, terrorism, government regulations, or power outages ("Force Majeure Event"), then the affected party shall be excused from such performance on a temporary basis to the extent that it is so prevented, provided that such party promptly notifies the other party in writing of the Force Majeure Event and its anticipated duration.

a. During the period of the Force Majeure Event, the parties shall consult with each other in good faith to determine the appropriate course of action to minimize the impact of the Force Majeure Event on the performance of this Agreement. If the Force Majeure Event continues for a period of [NUMBER] days, either party may terminate this Agreement upon written notice to the other party without liability for such termination, except for any obligations or liabilities that have already accrued prior to the termination.

b. Notwithstanding the foregoing, the party affected by the Force Majeure Event shall use its best efforts to resume the performance of its obligations under this Agreement as soon as reasonably practicable after the Force Majeure Event has ceased or been resolved.

7.13 ADDITIONAL ACTS. In connection with this Agreement, as well as in all transactions contemplated by this Agreement, Physician agrees to execute and deliver such additional documents or perform such additional acts as may be necessary or appropriate to effectuate, carry out, and perform all the terms, provisions, and conditions of this Agreement.

7.14 COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall serve as an original for all purposes, but all copies of which shall constitute but one and the same agreement.

7.15 HEADINGS AND CAPTIONS. The article and section headings and other captions contained in this Agreement are inserted only as a matter of convenience, do not form a part of this Agreement, and in no way define, limit, extend, or describe the scope, meaning, construction, or effect of this Agreement or any provision hereof or the intent of the parties.

7.16 ENFORCEMENT. If it becomes necessary for any party hereto to file suit to enforce this Agreement or any provision contained herein, the prevailing party in the action shall be entitled to recover, in addition to all other remedies or damages, court costs, expenses of litigation, and reasonable attorney's fees incurred.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date set forth above, to be effective as of the Effective Date.

COMPANY		PHYSICIAN	
______________________	__________	______________________	__________
Print Name and Title	Date	Print Name and Title	Date
______________________		______________________	
Authorized Signature		Authorized Signature	

EXHIBIT L

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	Pending
Hawaii	Pending
Illinois	Pending
Indiana	October 11, 2025 (Franchise-25-001797)
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	No Registration
Rhode Island	No Registration
South Dakota	No Registration
Virginia	Pending
Washington	Pending
Wisconsin	October 11, 2025 (#639855)

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. These include:

State	Effective Date
Connecticut	Pending
Florida	November 7, 2024 to November 7, 2026 (**BF55927**)
Kentucky	Pending
Nebraska	No Registration
Texas	October 23, 2024
Utah	August 12, 2025 (14238691-BSOE)

EXHIBIT M
ACKNOWLEDGMENT OF RECEIPT
ARCTIC FRANCHISING LLC
Area Representative Franchise Disclosure Document

THIS FRANCHISE DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS FRANCHISE DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF **ARCTIC FRANCHISING LLC** OFFERS YOU A FRANCHISE, **ARCTIC FRANCHISING LLC** MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT OR MAKE A PAYMENT WITH THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE OR GRANT.

IF **ARCTIC FRANCHISING LLC** DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND TO THE STATE AUTHORITIES IDENTIFIED IN EXHIBIT A.

The name, principal business address, and telephone number of each franchise seller offering the franchise: **David Kostroub and Victor Kostroub, 1133 Lake Washington Blvd N, Ste. 80, Renton, WA 98056, 425-400-2925**

FDD Date of Issuance: **January 1, 2026**.

Our authorized agents for service of process are identified in Exhibit A of this Franchise Disclosure Document.

I have received a disclosure document dated **January 1, 2026** that included the following Exhibits:

A. Agents for Service of Process and Regulatory Authorities
B. Audited Financial Statements
C. Area Representative Agreement
D. Conditional Assignment of Phone Number
E. Abandonment, Relinquishment and Termination of Assumed Business Name
F. State Law Addendum
G. Application Form, Observation and Evaluation Agreement
H. Transfer, Termination, Renewal, or Incorporation Agreements
I. Wellness Center Rules Table of Contents
J. Confidentiality, Non-Disclosure, and Non-Compete Agreement
K. Sample Administrative Services Agreement and Sample Business Associate Agreement
L. State Effective Dates
M. Acknowledgments of Receipt of Franchise Disclosure Document by Prospective Franchisee

DATED this ____ day of _____________, 202__.

Signatures of All Prospective Franchisees:

Individuals: ________________________ __________________________
Name of Corporation/LLC/Partnership: ___________________________
By: __________________________ Title: __________________________

ALL INDIVIDUALS WHO WILL SIGN THE FRANCHISE AGREEMENT MUST SIGN THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL ALSO BE EXECUTED BY A CORPORATION OR LIMITED LIABILITY COMPANY, AN OFFICER OR OWNER AUTHORIZED TO RECEIVE THIS DISCLOSURE DOCUMENT ON BEHALF OF THE CORPORATION OR LIMITED LIABILITY COMPANY MUST EXECUTE THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL BE EXECUTED BY A PARTNERSHIP, THEN ALL GENERAL PARTNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

RETAIN THIS COPY FOR YOUR RECORDS

EXHIBIT M
ACKNOWLEDGMENT OF RECEIPT
ARCTIC FRANCHISING LLC
Area Representative Franchise Disclosure Document

THIS FRANCHISE DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS FRANCHISE DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF **ARCTIC FRANCHISING LLC** OFFERS YOU A FRANCHISE, **ARCTIC FRANCHISING LLC** MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT OR MAKE A PAYMENT WITH THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE OR GRANT.

IF **ARCTIC FRANCHISING LLC** DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND TO THE STATE AUTHORITIES IDENTIFIED IN EXHIBIT A.

The name, principal business address, and telephone number of each franchise seller offering the franchise: **David Kostroub and Victor Kostroub, 1133 Lake Washington Blvd N, Ste. 80, Renton, WA 98056, 425-400-2925**

FDD Date of Issuance: **January 1, 2026**.

Our authorized agents for service of process are identified in Exhibit A of this Franchise Disclosure Document.

I have received a disclosure document dated **January 1, 2026** that included the following Exhibits:

A. Agents for Service of Process and Regulatory Authorities
B. Audited Financial Statements
C. Area Representative Agreement
D. Conditional Assignment of Phone Number
E. Abandonment, Relinquishment and Termination of Assumed Business Name
F. State Law Addendum
G. Application Form, Observation and Evaluation Agreement
H. Transfer, Termination, Renewal, or Incorporation Agreements
I. Wellness Center Rules Table of Contents
J. Confidentiality, Non-Disclosure, and Non-Compete Agreement
K. Sample Administrative Services Agreement and Sample Business Associate Agreement
L. State Effective Dates
M. Acknowledgments of Receipt of Franchise Disclosure Document by Prospective Franchisee

DATED this ____ day of ____________, 202__.

Signatures of All Prospective Franchisees:

Individuals: ________________________ __________________________
Name of Corporation/LLC/Partnership: ___________________________
By: __________________________ Title: __________________________

ALL INDIVIDUALS WHO WILL SIGN THE FRANCHISE AGREEMENT MUST SIGN THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL ALSO BE EXECUTED BY A CORPORATION OR LIMITED LIABILITY COMPANY, AN OFFICER OR OWNER AUTHORIZED TO RECEIVE THIS DISCLOSURE DOCUMENT ON BEHALF OF THE CORPORATION OR LIMITED LIABILITY COMPANY MUST EXECUTE THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL BE EXECUTED BY A PARTNERSHIP, THEN ALL GENERAL PARTNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

PLEASE DATE, SIGN, AND RETURN THIS ACKNOWLEDGMENT TO ARCTIC FRANCHISING LLC

1133 Lake Washington Blvd N, Ste. 80, Renton, WA 98056, 425-400-2925