

FRANCHISE DISCLOSURE DOCUMENT



ARCTIC FRANCHISING LLC

a Washington Limited Liability Company
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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 "**Arcticsm**" names and logos.

You may be required to report to and receive support directly and indirectly from one of our Area Representative Franchisees. Area Representative Franchises are offered under a separate disclosure document.

The total investment to begin operation of a franchise is from \$309,025 to \$707,800. . This includes \$59,500.00 you must pay to us or our 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 of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: **September 30, 2025**

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
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**. In community property states, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin, franchisees must sign the franchise agreement or a guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The agreement or guaranty will place your and your spouse's marital and personal assets, perhaps even 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. **Use of Franchise Brokers**. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor

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 in various states that require the registration of franchise offering and a list of the relevant state franchise administrators may be found in Exhibit A to this Franchise Disclosure Document.

As a franchisee, you will engage in the business of 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+ to the general public through certified medical professionals and registered nurses and offering related services and products under our service marks and using our methods of operation. We refer to this as the “Franchise”.

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*™,” and “*Arctic Wellness Centers*™” 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. You may be required to report to and receive support directly and indirectly from one of our Area Representative Franchisees.

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 three businesses of the type being offered. 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 franchise (“Franchise”) and includes your owners, partners, and members when you are a business entity. We license our franchisees to offer and promote the Arctic System under the “Arctic” Marks (see Item 13, below). Our franchisees offer the Arctic System and promote The Arctic System to individuals.

We grant you the right to establish and operate an appropriately licensed wellness center pursuant to and in the Arctic System, using the Arctic Marks, and our business methods and record keeping software and payment systems, all of 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 also offer and sell *Arctic Elevation* Area Representative franchises under a separate Franchise Disclosure Document. The role of Area Representatives is to serve as our point of contact with unit franchisees and fulfill some of our training and support obligations. We have not offered franchises in any other line of business.

We retain the right to market and provide services to any and all Arctic patients.

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.

Because we depend on a high rate of referral and repeat business, the quality of franchisee interactions with referral parties, such as attorneys and insurance companies, and with patients is an important element of our business strategy. We develop strong, cooperative relationships with and for our franchisees by providing training, marketing materials and programs, internet and computer-related support, incentive programs, and investments in patient relationship management technology.

We provide information about Arctic products and services that are available locally, nationally and internationally. Franchisees are solely responsible for treating all patients. Patients in the Arctic System have a direct patient relationship and a contractual billing and payment relationship with you.

The market for medical wellness treatments, services and products is well developed and competitive. 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 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 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.

If you are not a licensed medical or healthcare professional, and you choose to offer IV Drip Therapy and NAD+, in addition to signing the Franchise Agreement with us, before you begin operating the Franchise, you must have a Medical Director (“MD”) on staff. The MD is responsible for all functions of the business that require a medical license or certification.

If you are not a licensed medical professional, you cannot lawfully provide or direct the administration of medical services. You are not permitted to supervise, direct, control, or suggest to the MD or other licensed medical professionals the manner in which they provide or administer any healthcare services to clients. Federal and state laws require that unlicensed persons do not engage in practices that are or may appear to be the practice of medicine. The MD is responsible for and must provide all medical and healthcare services in full compliance with all applicable laws and regulations, a conforming management agreement and the Arctic System. Laws and regulations will vary by state and local jurisdiction.

If you are a licensed medical professional whose scope of practice permits the Arctic wellness center treatments, you will be permitted to serve as the MD

In addition, your services to your patients must follow standard health care and medical procedures recommended or required by the applicable national and state practice associations and regulatory boards such as the American Medical Association, International and National Associations, state wellness center medical boards, and other appropriate regulatory bodies.

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.

Not all of these laws, rules, and regulations will be applicable to all of 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.

Each state has wellness center, medical, nursing, physician assistant, therapist, health care, and other boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by those members. The laws and regulations generally include requirements for wellness providers to hold required state licenses and registrations to work as medical doctors, practitioners, therapists, and physician's assistants in the state where the franchise is located, and to hold required certifications by, or registrations in, any applicable professional association or registry. These laws and regulations are likely to vary from state to state and change over time.

If we license you to manage an Arctic franchise, we are not engaging in the practice of wellness center, 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 you or your staff.

State Requirements Concerning Ownership of an Arctic Franchise

The following chart illustrates two common state law alternatives for ownership and operation of an Arctic franchise:

Contract	A	B
	States that prohibit either a non-professional entity or a licensed medical or health care professional or professional entity from directly being our franchisee. Examples: CA, IL, NY	States that permit a licensed medical professional or professional corporation to directly be our franchisee
Franchise Agreement	The franchisee that executes the Franchise Agreement is a management services organization or "MSO" (not a licensed professional or professional corporation).	When applicable law permits a licensed professional or professional corporation to be a franchisee, the professional or professional corporation, executes a Franchise Agreement with us.
Management Services Agreement	The MSO enters into a Management Services Agreement with a locally-licensed health care professional or professional corporation.	If you can demonstrate to us that applicable local and state laws permit the same entity to own and manage a franchise and render medical or health care services to its patients under an Arctic franchise, then your franchise

Contract	A	B
		may be owned and operated and managed consistent with those laws.

Typically, if you are an MSO franchisee, you must notify patients of your franchise that they are being treated by affiliated physicians and wellness providers engaged to work at the franchise currently licensed and in compliance with relevant local laws, regulations, and rules which might not allow the MSO to directly employ the affiliated providers that render patient care. Your patient intake forms must inform patients that their patient-doctor relationship is with an individual licensed physician, health care provider, or professional entity and not with you. If you enter into a management services agreement with a professional entity that will employ or retain affiliated wellness providers that render services at your franchise, the term of that agreement must be at least as long as the term of your franchise agreement with us. Under a management services agreement, you will provide the professional entity with management and administrative services and support consistent with the Arctic System to support the professional entity's practice and its delivery of services to patients at the franchise, consistent with all applicable laws and regulations. Subject to our reasonable advice and consent, you alone determine the legally required form of management services agreement and the compensation payable to the professional entity. If required, you must have a management services agreement in effect with a professional entity at all times during the operation of the franchise and the term of your franchise agreement.

In many instances, your MSO may be owned by one or more of the affiliated wellness providers who may also own an interest in the professional entity that executes the management services agreement. The term "Affiliated Providers" refers collectively to locally-licensed wellness center physicians and wellness center medical personnel, such as assistants, technicians, and specialists who actually render patient care services at your franchise. Generally, locally licensed wellness center physicians or professional entities will employ and control all Affiliated Providers. For example, in some states, relevant health care practice rules require that a provider must own the company that provides services and must be available to give general ongoing supervision to the company's providers, medical technicians, and assistants (i.e., be "captain-of-the-ship").

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 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 manage a franchise 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 to render your operation of the franchise illegal. 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.

We will never be involved in decisions pertaining to the hiring, firing, supervision, or discipline of Affiliated Providers or your other 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 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.

You should understand and consider these laws and regulations when evaluating your purchase of a franchise. We recommend you consult your healthcare lawyer before you sign the 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 Initial Franchise Fee is **\$59,500**. You must pay the initial franchise fee at the time you sign the Franchise Agreement unless a relevant state addendum specifies a different procedure.

The Initial Franchise Fee is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of the Franchise Agreement and the opening of the Franchise Premises and for our lost or deferred opportunity to sell franchises in the franchise area to others.

In consideration for the reduced costs for sales and training, if you purchase additional franchises, the Initial Franchise Fee may be reduced for each additional franchise by a 25% discount from the then-current standard initial fee, provided you are otherwise still qualified and in good standing under your existing franchise agreement(s).

We offer a \$5,000 discount to individuals who are otherwise fully qualified and who have had a managing role in an *Arctic Elevation* wellness center for a minimum of one year.

We offer a discount of 15% to persons who have served and been honorably discharged from the United States Armed Services.

If you qualify for more than one discount, you will receive the largest of the discounts for which you qualify. Only one discount will apply to any one franchisee. If the franchisee is an entity (corporation, LLC, etc.), the franchisee is eligible for only one discount and that will be the highest discount for which a majority owner of the entity qualifies. If there is no majority owner, the franchisee will receive the highest discount for which any owner qualifies, multiplied by the percentage of ownership that owner has in the entity.

Except for the discounts to qualifying persons described in this Item, initial fees are uniform for all franchisees.

You must complete 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 Franchise Agreement because you fail to satisfactorily complete the mandatory training course.

You must modify the location for the franchise (the "Franchise Premises"), complete all mandatory training to our satisfaction, and open the franchise within **360** days after the date of the Franchise 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 Initial Franchise Fee unless we determine that you have not successfully completed the initial pre-opening training, but through no fault of your own, or if you cannot obtain suitable franchise premises within 180 days, 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 locating or evaluating potential premises, 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.

Occasionally, we may permit existing franchisees to obtain additional franchise agreements with reduced or no initial fees as an award to a limited number of existing franchisees who have excelled in the Arctic franchise system. For example, at a franchise convention we may make such an award to the franchise with the highest number of 5-star reviews, highest patient satisfaction, or similar achievements. We may offer franchises without any initial franchise fees to our shareholders and corporate officers and to other individuals identified in Item 2, above.

If you acquire an existing *Arctic Elevation* business from us or our affiliate, you will pay the fair market going concern value of the business pursuant to a separate contemporaneous purchase and sale agreement to be negotiated, in addition to the Initial Franchise Fee. If you and we are unable to reach an agreement on the purchase and sale of assets within ninety days following the date of the Franchise Agreement, either party may terminate the Franchise Agreement by giving not less than ten business days' notice to the other. Termination would be pursuant to the terms of the relevant franchise agreement.

Initial Franchise 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*
Royalty Fee	You will pay to us a Royalty Fee equal to 8% of your Gross Revenue. ⁽¹⁾	Payable weekly as outlined in the Wellness Center Rules.	This fee is paid through automatic debit processes as outlined in the Wellness Center Rules. ⁽¹⁾

Type of Fee	Amount	Due Date	Remarks*
Advertising Fee	You will pay to us an Advertising Fee equal to 1% of your Gross Revenue.	Payable weekly as outlined in the Wellness Center Rules.	This fee is paid through automatic debit processes as outlined in the Wellness Center Rules. ⁽¹⁾
Local Advertising Requirement	An amount equal to 2% of your Gross Revenue	Each month	This amount is spent in your local market to advertise and promote the franchise. You will report the nature, extent and amount of these local expenditures, in the form and at the times we require in the Operations Manual. This may be reduced to as low as 0.5% of your Gross Revenue if we so designate in writing. If so designated, we may raise the required percentage at any time upon not less than 30-days prior written notice, but never above 2%.
Regional Advertising Cooperative Fund	To be determined by a majority of members of the cooperative. Maximum without unanimous consent is 2% of Gross Revenues.	Determined by us established by members of the cooperative. Generally, payable weekly as outlined in the Wellness Center Rules.	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 obligated 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 above. 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 Franchise 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.
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	Current rates plus travel- related costs, if applicable. Currently \$500.00 per person per day.	At the time for payment of Royalties for the period we provide service.	If we, at your request or pursuant to the Franchise Agreement, provide extraordinary onsite operations assistance, you must pay our current rates. We estimate the rates would not exceed \$500, plus an adjustment for inflation, per person made available to you per day. In addition, you would pay all travel-related expenses of the person(s) we make available. We are not obligated to provide such extraordinary assistance, but some of the circumstances in which we would consider

Type of Fee	Amount	Due Date	Remarks*
			it include the unanticipated loss of your Designated Manager or the owner's death or disability.
Audit ^{1, 7}	The amount of any underpayment, plus the cost of the audit if you understate by more than 2 percent the Gross Revenue for any reported period or periods or if your records are unorganized or unavailable.	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 ⁽³⁾	Reasonable rates as outlined in the Wellness Center Rules. You are obligated to obtain these but you select the amount and timing.	Payable as outlined in the Wellness Center Rules.	In the reasonable amounts you order from us.
Wellness Center Equipment and Supplies ⁽⁴⁾	Reasonable rates as outlined in the Wellness Center Rules. You are obligated to obtain and maintain these but you select the amount and timing.	Payable as outlined in the Wellness Center Rules.	In the reasonable amounts you order from us.
Additional Training ²	\$750 per person per day.	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	The fee to attend a convention varies from convention to convention and we set the fee at the time of the applicable convention.	The fee to attend a convention is due prior to the start of the 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.
Additional Assistance	Provided at our discretion at our then-current rates (currently \$750 per	At your discretion based on the availability of our trainers.	Not part of the Initial Franchise Fee.

Type of Fee	Amount	Due Date	Remarks*
	day). You are also responsible for the costs of travel, lodging and meals.		
Renewal Fee	There is no Renewal Fee.		You must reimburse us for our reasonable out-of-pocket costs concerning the renewal.
Transfer Fee	\$5,000 (add 10% commission on the gross sale price if we find the franchise buyer for you)	At the time the transferee signs the Franchise 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 reasonable legal, accounting, credit check, and investigation expenses that result from the transfer.
Step-In Right Costs	Reasonable 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 step-in to operate your franchise pursuant to Franchise Agreement.
Assistance with Patient Complaints	Reasonable rates as outlined in the Wellness Center Rules. Our current rate is \$75 per hour.	Payable upon demand, as we elect or as otherwise outlined in the Wellness Center Rules.	If we use our personnel or other resources to respond to or attempt to resolve any complaint by any patient (based on your failure to live up to your contractual obligations or enforceable promises, which complaints we find in the exercise of our good faith judgment to be reasonable), then you will be responsible for our costs and expenses.
Product Testing Costs	Reasonable 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 Franchise Agreement Section 6.1).
Refund Amounts Claimed by a Patient ⁽⁶⁾	See Remarks	See Remarks	Before posting any Arctic transaction, you must gather and maintain required documentation confirming the transaction as prescribed in the Wellness Center Rules. If you fail to provide to us copies of required documentation for a transaction within 3 days of written notice from us, then you authorize us to charge any of your own Arctic accounts to refund amounts claimed by a patient.
Indemnification	Amount of all damages, liabilities, fines, losses, costs, and expenses we incur because of your breach of the Franchise Agreement, including reasonable 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.

Type of Fee	Amount	Due Date	Remarks*
Attorney's Fees and Costs	Amount of our reasonable attorneys' fees.	Upon demand.	This applies only if you or we are the substantially prevailing party in a dispute resolution proceeding in which we are entitled to recover attorney's fees and costs.
Profits on Supplies or Equipment	Variable	When you purchase items from us or our affiliate(s)	Some items (for example, those bearing the 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) "Revenue" means all receipts generated by your franchise from any source, including, but not limited to, sales, exchanges, services, labor, service charges, service contracts, etc., and excludes discounts, refunds, and sales taxes. Credit and deferred payment transactions will be included in Revenue as of the date of the transaction without deduction for uncollected credit accounts.

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 Franchise Agreement, a week and a month are standard calendar weeks and months used for accounting purposes.

(2) Your manager must successfully complete our manager training program. We will not charge for training a new manager or for other training if your trainee attends training at our headquarters or other designated training center, on a space available basis, or by webinar or other remote means if offered. 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 plus an adjustment for inflation per full day of training. You are solely responsible for any salaries, compensation, benefits and living and travel expenses of all trainees.

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 plus an adjustment for inflation 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 reasonable amount of our internal costs involved in producing and delivering the materials.

(3) Supplies and advertising includes standard applications, forms, point of sales materials, and direct mail advertising pieces as created over time and as outlined in the Wellness Center Rules.

(4) Wellness center equipment and supplies are outlined in the Wellness Center Rules and unless otherwise provided in the Wellness Center Rules are to be obtained from us or sources we designate or approve.

(5) Your patient payments actually collected at times might not be enough to cover your operating expenses.

(6) All patient refunds are decided at your and our mutual discretion:

1. Refunds due to technical accounting or billing errors will include a refund by us of any directly related franchise fees.
2. Refunds due to accusations that your service charge is in error or inappropriate (i.e. services not actually rendered) will be your total responsibility and we will not refund any related fees we received from you.

(7) 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.

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
Initial Franchise Fee (Note A)	\$59,500.00	\$59,500.00	Lump Sum	Upon Signing	Us
Training Expenses (Note B)	\$1,000.00	\$1,500.00	Lump Sum	Upon Signing	Suppliers
Real Property (Note C)	\$3,125.00	\$10,000.00	As Arranged	As Arranged	Landlord or Mortgage Lender
Equipment (Note D)	\$120,000.00	\$220,000.00	As Arranged	As Arranged	Suppliers
Fixtures, other fixed assets, remodeling, and decorating costs (Note E)	\$12,000.00	\$22,000.00	As Arranged	As Arranged	Suppliers
Inventory to Begin Operating (Note F)	\$1,000.00	\$5,000.00	As Incurred	As Arranged	Suppliers
Security Deposits, utility deposits, business licenses and other prepaid expenses (Note G)	\$5,000.00	\$15,000.00	As Incurred	As Arranged	Suppliers, Leasing Cos or Lender
Leasehold Improvements (Note H)	\$70,000.00	\$250,000.00	Lump Sum	Upon Signing	Suppliers
Architectural and Engineering (Note I)	\$10,000.00	\$20,000.00	As Arranged	As Arranged	Suppliers
Computer Hardware & Software	\$2,200.00	\$4,000.00	As Arranged	As Arranged	Suppliers
Signage	\$2,000.00	\$12,500.00	As Arranged	As Arranged	Suppliers
Supplies & Misc.	\$200.00	\$800.00	As Incurred	As Arranged	Suppliers
Pre-Launch Marketing	\$4,500.00	\$4,500.00	As Incurred	As Arranged	Suppliers, Vendors
Launch Marketing	\$4,500.00	\$10,000.00	As Arranged	Before Opening	Suppliers, Vendors
Additional Training (Note K)	\$0.00	\$1,000.00	As Incurred	As Arranged	Us, Suppliers
Insurance (Note L)	\$3,000.00	\$7,000.00	As Arranged	As Arranged	Insurance Companies
Legal & Accounting Fees (Note M)	\$1,000.00	\$15,000.00	As Incurred	As Incurred	Your Lawyer & Accountant

Additional Funds - 6 months (Note N)	\$10,000.00	\$50,000.00	As Incurred	As Incurred	Employees, Suppliers, Utilities, Taxing Agencies, Etc.
Total	\$309,025.00	\$707,800.00			

Notes Regarding Initial Investment:

Note A: Initial Fee.

The current standard Initial Fee is \$59,500. We offer discounts as follows: (a) a twenty-five percent (25%) discount from the then-current standard Initial Fee to otherwise qualified candidates who are, at the time, currently an ARCTIC ELEVATION™ franchisee in good standing of one or more wellness centers if the existing franchisee is purchasing a franchise for an additional wellness center; (b) a five thousand dollar (US\$5,000.00) discount to individuals who are otherwise fully qualified and who have had a managing role in an ARCTIC ELEVATION™ wellness center for a minimum of one year; and a fifteen percent (15%) discount to persons who have served and been honorably discharged from the United States Armed Services. If a candidate qualifies for more than one discount, the candidate will receive the largest of the discounts for which they qualify. Only one discount will apply to any one franchisee. If the franchisee is an entity (corporation, LLC, etc.), the franchisee is eligible for only one discount and that will be the highest discount for which a majority owner of the entity qualifies. If there is no majority owner, the franchisee will receive the highest discount for which any owner qualifies, multiplied by the percentage of ownership that owner has in the entity.

Note B: Training expenses.

You are responsible for travel, lodging, meals and compensation for you and your manager or employees who attend training. Most training will be virtual and at your Franchise location.

Note C: Real Property.

Our typical Premises are leased properties that are in large shopping centers or high-traffic street-front locations in urban centers and mixed-use retail and apartment or office properties, although we will consider alternatives under appropriate circumstances. Generally, the Premises are 1300 to 1800 square feet, although the size may vary in certain settings. We recommend that you try to negotiate a five-year lease with multiple five-year renewal options to minimize your liability exposure and the risk of having to relocate.

This estimate is for real property expenses you may incur before opening, such as deposits. Our estimate of rent you will incur is included in "Additional Funds" because it should be incurred after opening. If you already lease or own Premises, you should review your lease or purchase documents to evaluate the cost of real estate rental. If not, lease situations will vary in rental amounts, lease terms, amount of space required, tenant improvements required, security deposit, and advance rental required. Location is a very major factor in the amount of rent required. These estimates do not include advance insurance and similar expenses. You may elect to own your own Premises, in which case it is not possible for us to estimate the cost because of the wide variations in price and financing options. If you rent real estate for the Premises, you may be liable for the entire term of the lease whether or not you succeed in the Franchise. You should consult your lease documents and your attorney. Your cost of obtaining real estate could be higher if you request us to send a person to your location to assist you in connection with your acquisition.

Rent is based on a commercial office for the first 6 months of operation plus security deposits.

Note D: Equipment.

This is our estimate of the cost of all the wellness center equipment, including the equipment, required to operate your Franchise under our Arctic System.

You should attempt to determine your costs and financing options before deciding on Premises. The local levels of sales taxes, shipping costs, and costs for construction and installation services and materials, which vary from location to location, may affect your costs.

Even if you are taking over or continuing in an existing ARCTIC ELEVATION™ Premises or another existing facility, we may require that you purchase some new equipment to comply with our specifications at your cost. You must maintain the equipment, at your expense, in accordance with our specifications.

If you purchase the required equipment from us or our required or suggested suppliers, or if you buy a fully equipped wellness center from us, the cost of mandatory equipment will be within this range. However, if you purchase from another franchisee or if you elect to acquire some of your mandatory equipment from other sources, it may cost more.

If you lease the equipment, that may increase your monthly fixed expenses. If you borrow money to purchase the equipment, that may increase your monthly fixed expenses.

Note E: Fixtures, other fixed assets, remodeling, and decorating costs.

The cost for these items could be higher if you or your landlord request changes from the standard design and materials.

If you already lease or own Premises, you should review your lease or purchase documents to evaluate the cost of fixtures, remodeling, and decorating. If not, you should understand your lease terms, the amount of space required, and the items required. Size, configuration and landlord requirements will be factors in cost. The local levels of sales taxes, shipping costs, and costs for installation services and materials, which vary from location to location, may affect your costs.

Even if you are taking over or continuing in an existing *Arctic Elevation* Premises or another existing facility, we may require that you remodel, redecorate, or make other changes to the Premises to comply with our specifications at your cost. You must maintain the Premises, at your expense, including furniture, fixtures, interior and exterior paint, and landscaping, in accordance with our specifications.

If you furnish your Premises to our minimum specifications and purchase the required equipment from one of our established suppliers, or if you buy a fully furnished wellness center from us, the cost of mandatory furnishings will be within this range. If you purchase from another franchisee or if you elect to acquire some of your mandatory furnishings from other sources, it may cost more. We are not obligated to offer your business on a fully furnished basis.

Note F: Inventory to begin operating.

This estimate includes enough inventory to operate for a short period of time. If your Franchise is in a busy location or if your presales are particularly strong, you may need to start with more inventory.

Note G: Security deposits, utility deposits, business licenses, and other prepaid expenses.

We require you to obtain all necessary business licenses. Those involve some fees. If you do not already have Premises and utilities, you may have to pay deposits in connection with those. You should obtain more accurate estimates from your local utility and your landlord.

Note H: Leasehold Improvements.

The equipment package is approximately the same for every wellness center. The difference between the low and high estimates is caused by factors neither of us can control, including the cost of shipping, construction costs in your area, materials costs in your area, the condition of the

premises when you take possession (any cost of demolition or required changes), the extent of landlord participation in costs, and possible inflation.

The cost for leasehold improvements could be higher if you or your landlord request changes from the standard design and materials. Our estimates should cover materials and labor costs that meet our standards.

If you already lease or own Premises, you should review your lease or purchase documents to evaluate the cost of real estate leasehold improvements. If not, lease situations will vary in rental amounts, lease terms, amount of space required, and tenant improvements required. Size, configuration, and landlord requirements will be major factors in cost. Some landlords finance leasehold improvements by amortizing them over the lease term and may charge a higher rental amount to cover the cost. You should attempt to determine your costs and financing options before deciding on Premises. The local levels of sales taxes, shipping costs, and costs for construction services and materials, which vary from location to location, may affect your costs.

Even if you are taking over or continuing in an existing ARCTIC ELEVATION™ Premises or another existing facility, we may require that you remodel or make other changes to the Premises to comply with our specifications at your cost. You must maintain the Premises, at your expense, including signage, fixtures, interior and exterior paint, and landscaping, in accordance with our specifications.

If you furnish your Premises to our specifications and purchase the required equipment from one of our established suppliers or us, we believe the cost of the required furnishings will be within this range. If you purchase from another franchisee, it may cost more. We are not obligated to offer your business on a turnkey basis.

Note I. Architectural & Engineering.

This estimate is for the architectural and engineering services you may need in connection with your leasehold improvements.

Note J: Marketing.

Any marketing assessment by a local marketing cooperative would be extra except as limited by the Franchise Agreement. There are no local marketing cooperatives at this time.

We are responsible for and will make and place all advertising and marketing activities relating to your Franchise. We will direct and participate in all advertising and promotional efforts related to your franchise. You must fully participate in all of our advertising and promotional programs and events, but you do not have the opportunity to approve or disapprove of our advertising and promotions, although we do welcome your thoughts, suggestions, and recommendations.

Note K. Additional Training.

We provide initial training for you and your Designated Manager if applicable. We train your initial non-medical staff. It is included in the Initial Fee. We offer certain additional continuing education training as we deem appropriate. If you need to have us train additional people, you must pay our usual fees, including compensation for the trainers. Of course, as with the initial training, you are always responsible for travel, lodging, food and compensation and other expenses of your trainees. You may incur salary expenses for your staff and employees in conjunction with the initial training we provide. For this training program, we will provide instructors and instructional materials, and will provide the training at our headquarters or a designated wellness center, resulting in travel and lodging expenses depending on the distance you and your employees must travel.

Note L: Insurance.

We require you to purchase and maintain commercial general liability insurance and various other coverages. The insurance shall consist of combined single-limit coverage of at least the amounts specified in the Manual. We estimate that you can purchase the required insurance for an amount within the range indicated. You also must purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer reasonably satisfactory to us or with a state agency. You must provide us with certificates of insurance and name us as an additional insured. The certificate(s) of insurance must provide that the insurers will not modify coverages under the respective policy(ies) (except to increase coverage) or cancel them until the insurer has given us at least 30 days prior written notice. We may require you to provide us with a copy of any insurance policy and all endorsements. All insurance policies must provide that coverage is primary/non-contributory.

Currently, our required insurance coverages are as follows:

General Liability	
Coverages	
Each Occurrence	\$1,000,000
General Aggregate	\$2,000,000
Products / Completed Operations Aggregate	\$2,000,000
Personal & Advertising Injury	\$1,000,000
Damage to Rented Premises	\$50,000
Medical Expenses	\$5,000
Contractual liability & independent contractors liability	Required
Occurrence Form	Required
Stop Gap for Monopolistic States	Required
Per Location Aggregate	Required
Professional Liability (Medical Malpractice)	
Coverage	
Each Occurrence	\$1,000,000
Aggregate	\$3,000,000
Policy Type	Claims Made
Sexual Abuse & Molestation	
Coverage	
Each Occurrence	\$100,000

Aggregate	\$300,000
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Workers Compensation & Employers Liability

Coverage	
Bodily Injury by Disease, Each Accident	\$1,000,000
Bodily Injury by Disease, Policy Limit	\$1,000,000
Bodily Injury by Disease, Each Employee	\$1,000,000
Required regardless of state laws	Included
Cannot exclude owner operators	Included
Must include uninsured independent contractors	Included

Property / Business Interruption

Coverages	
Business Personal Property	\$50,000
Tenant Improvements	\$150,000
Equipment Coverage	Full cover
Business Interruption	12 Months ALS
Franchisor Royalties	Included

Umbrella

Coverages	
Occurrence	\$1,000,000
Aggregate	\$1,000,000
Underlying Coverages	General Liability

Optional Employment Practices Liability

Coverage	
Occurrence	\$100,000
Aggregate	\$100,000
3rd Party Liability	Included
Wage & Hour	>= \$25,000

Coverage	
Max Deductible	\$10,000

Cyber Liability

Coverage	
Each Occurrence	\$100,000
Aggregate	\$100,000

None of the policies can have exclusions for any acts of employees or other persons acting or alleged to act on your behalf, which acts harm or are alleged to harm clients. We may, on notice, change the types of policies or coverages required or the amount of required minimum coverages.

You should obtain a price quotation from your insurance agent or broker in planning to purchase the franchise. Workers Compensation and employers' liability insurance may be extra and you should obtain prices from your state agencies or your insurance agent or broker.

Note M. Legal & Accounting Fees.

Because of the variability of attorney's fees and differences in the type of services you might request, this is an estimate. You should check with your attorney or with several knowledgeable attorneys to determine the actual range of fees before signing the Franchise Agreement. You may need an attorney to assist and advise you in setting up your business organization and reviewing contract documents. 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 fees.

Note N. Additional Funds—6 months.

This estimates the initial startup expenses you will incur during your first six months of operations. As with any business, it could take some time to ramp up your Franchise. It is standard practice for franchisors to assume you need only three months of working capital. We want you to have a larger cushion in case something unforeseen happens. If you don't need it all, you may continue to have a cushion. You may have to use some of these Additional Funds to pay for our travel and related expenses, including a per diem, if you ask us to travel to your location to assist in locating, evaluating, negotiating for or otherwise in connection with your selection of Premises. These expenses include payroll costs, premises rent, and various service costs such as utilities. These estimates do not include owner compensation or return on investment. These figures are estimates and are based upon the experience of our affiliates in operating wellness centers similar to what you will be operating.

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 should review these figures carefully with a business advisor before making any decision to purchase the franchise.

You are required to have an automobile or other public or private transportation. This table estimates your range of costs to lease or finance an automobile only for the first 6 months of operation.

Services By Affiliate and Others.

We may provide certain services to you under the Franchise Agreement by sub-contracting with others, including potential affiliates, to provide them. These arrangements will not result in increased costs to you for the services.

No Financing.

We do not provide any direct or indirect financing.

No Refunds.

We will not refund any of the payments you make except a portion of the Initial Franchise Fee as described in Item 5 above.

This table addresses the usual expenses involved in establishing a business. These expenses vary greatly. They include, but are not limited to, attorney fees, license fees, deposits, sales tax bonds where required, pre-opening advertising and recruiting expenses, employee wages, utility costs, and supply expenses.

You must pay all taxes required by local, state or federal 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.

These tables estimate your initial startup expenses. These figures represent our estimates based upon our experience and the experience of our licensees. Your experience will depend upon local economic conditions, the local market for your products, the location and condition of your franchise premises, the prevailing wage rates, competition, and your sales levels during the initial period.

You should review these estimates with your business advisors before you decide to purchase the franchise or to make any expenditure.

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.

The Wellness Center Rules contains the Arctic System, and related specifications, standards, operating procedures, accounting and bookkeeping methods, basic marketing, advertising guidelines, operation requirements, public relations guidelines, service guidelines and other rules that we may prescribe. 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.

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 from us all training services and materials. We are the only approved supplier for training services and materials.

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.

You must buy only from us the following: branded equipment; supplements; apparel; branded retail items; branded marketing materials; branded welcome bags; and licensing of the Arctic technology package.

You must buy only from a designated supplier the following: branded furniture and fixtures; non-branded equipment; bookkeeping services; sound system; refrigerator items and consumables; and retail display system.

You may buy from any source if they meet our specifications as published in the Wellness Center Rules the following: marketing materials; decals for interior and exterior surfaces; signage; construction materials and finishes; fixtures; refrigerator; computers; tablets; televisions. We publish the specifications for each item in the Wellness Center Rules. Specifications may include function, quality, durability, accuracy, preparation, installation, application, delivery, performance, design and appearance.

If we have not approved a supplier for an item and have not published specifications, you may purchase the item from any supplier that reasonably meets the requirements of the Franchise, provided the item complies with our reasonable subjective determination that it conforms with the *Arctic Elevation* image.

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.

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. We may license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver Arctic products to you but to no other person. 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, 2024, 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 80 to 100 percent of the total purchases you make to establish your franchise, averaging about \$1,000 to \$10,000 to us, \$1,000 to \$10,000 to our affiliate and \$0 to \$356,000 to approved or suggested suppliers. 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 at this time 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.

At your expense, we may require you to repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish your premises from time to time as we may reasonably direct, but not more often than every 5 years, and we will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement (except for required changes to the trademarks, or changes due to health or government mandates, guidelines, or public concerns which we may require at any time). This can include changing out items such as flooring, wall treatments, signage, lighting fixtures, and other physical elements of your franchise business. We may also require you to invest in new or updated equipment and technology at any time. You will also be required to complete any day-to-day maintenance issues as they occur during the term of the franchise agreement. We also have the right to require you replace equipment at any time. You must implement all changes within the time frames we require.

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 must follow our current warranty and patient service requirements. We use manufacturer warrantees where possible.

You are required to obtain and keep in force by advance payment of premium appropriate liability insurance. The insurance will include, at a minimum, the types and amounts disclosed in Note L in Item 7, above. It 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.

<u>OBLIGATION</u>	<u>SECTION IN AGREEMENT</u>	<u>DISCLOSURE DOCUMENT ITEM</u>
a. Site selection and acquisition or lease	Sections 2.1, 2.2, 2.3, 2.4 & 2.5	Items 11 & 12
b. Pre-opening purchases and leases	Sections 2.4, 3.9, & 5	Items 7, 8 & 11
c. Site development and other pre-opening requirements	Sections 2.4, 3.9, 4, 5, 6.1 & 6.8	Items 7, 11 & 12
d. Initial and ongoing training	Section 3.10, 4 & 5.1	Items 6, 7 & 11
e. Opening	Sections 3.9, 4, 5.1 & 6.1	Item 11
f. Fees	Sections 3, 6.1 & 8.1	Items 5 & 6
g. Compliance with standards & policies/ Wellness Center Rules	Sections 6 & 7.5	Items 8, 11 & 16
h. Trademarks and proprietary information	Recitals & Sections 2.1, 2.6, 3.4, 3.9, 4.3, 6.1, 6.3, 6.4, 6.5, 6.6, 7.5, 10.2 & 10.7; Abandonment of Name form	Items 13 & 14
i. Restrictions on products and services offered	Sections 2.2, 2.6, 2.9, 3.4, 6.1, 6.2, 6.5, 6.6, 6.7, 6.8, 7.3 & 7.5	Items 8, 12, 13, 16 & 17
j. Warranty and patient service requirements	Sections 6.1 & 6.2	Item 11
k. Territorial development and sales quotas	Sections 2, 6 & 7.3	Item 12
l. Ongoing product & service purchases	Sections 6.1, 6.2, 6.8 & 9.2	Items 7 & 8
m. Maintenance, appearance and remodeling requirements	Sections 2.4, 2.5, 6.2, 6.5 & 7.5	Item 11
n. Insurance	Section 6.2 & 9.2	Item 7
o. Advertising	Sections 2.6, 3.4, 6.2, 6.3, 6.4, 6.5 & 7.5	Items 11 & 13

<u>OBLIGATION</u>	<u>SECTION IN AGREEMENT</u>	<u>DISCLOSURE DOCUMENT ITEM</u>
p. Indemnification	Section 7.5, 7.6, 8.1 & 9.1	Item 6, 13 & 14
q. Owner's participation/ management/ staffing	Sections 4, 5.1, 6.2, 6.7, 8.2, 10.10, 10.11, 10.13, 10.14 & 10.16	Items 11 12 and 15
r. Records and reports	Sections 3.7, 6.1 & 6.2	Items 6 & 11
s. Inspections and audits	Sections 3.8, 6.1 & 6.2	Items 6 & 11
t. Transfer	Section 8	Item 17
u. Renewal	Section 7.1	Item 17
v. Post-termination obligations	Sections 6.6, 6.7, 7.5, 10.7 & 10.9	Item 17
w. Non-competition covenants	Sections 6.6, 6.7, 7.5 & 10.7	Item 17
x. Dispute resolution	Sections 10.9	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 Franchise Territory and evaluate your Franchise location. (Franchise Agreement, Sections 2.1 and 2.3). You select and we approve or disapprove the territory and location before signing the Franchise Agreement. A typical wellness center requires 1,000 to 5,000 square feet of space, most of which will be used for patient waiting and wellness center medical service areas. We will assist you in the selection of your office and wellness center site if requested by providing you with information regarding the proximity of the proposed site to other Arctic locations.
2. Determine if it is necessary and provide an initial training course for you and your franchise managers as more fully described in this Item, below. (Franchise Agreement, Section 4.1)
3. Provide you minimum specifications and guidelines for the build out and equipping of your wellness center and office. (Franchise Agreement, Section 6.1)

4. Assist you in complying with local laws and regulations to enable you to operate your franchised business.
5. Provide the comprehensive Wellness Center Rules with mandatory and suggested specifications, processing and accounting standards, enrollment programs, provider recruitment and training requirements, sales force maintenance and relationship standards, and sample promotional and sales aids. It also includes lists of products and services that we recommend or require for use in operating your wellness center, recommended or required vendors, along with specifications for equipment and other items for which we require. (Franchise Agreement, Section 6.1). The Table of Contents of the Wellness Center Rules is attached as Exhibit I.
6. Permit you to use the Arctic Marks and our Arctic System pursuant to the Franchise Agreement.
7. Designate your Franchise Territory.
8. Review and approve or disapprove your selected business premises as follows:

You are responsible for securing a location. Although we will provide you with any information we have about available locations, you should independently evaluate the proposed location. We do not own premises and rent them to you.

The factors we will consider in reviewing any proposed site will be unique to that site. However, we will generally consider such factors as the demographics of the surrounding area, the type of nearby development, zoning, physical characteristics of the proposed site, the status of nearby competition, the economics of the proposed site, and access issues. No one factor or combination of factors will be determinative in every case. Our approval is not a representation or warranty that your Franchise will be successful in that location.

If you do not secure a location that we can reasonably approve within 180 days (or any extension we agree to), you may forfeit your Initial Fee. We are interested in locations, not forfeitures, so if you are making a reasonably diligent effort to secure a good location, we would ordinarily expect to agree to reasonable extensions. We expect you to communicate with us about your efforts.

9. Travel to your location for onsite training and soft opening.

Prior to opening you are responsible for complying with all local ordinances and building permits and obtaining any required permits. You are responsible for any construction, remodeling or decorating necessary to conform the Premises to our requirements. 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 the Agreement and pay the initial franchise fee and the time when your Franchise opens will generally be six months to one year. 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; 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 premises, 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 **360** 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 circumstances. If this start of operation obligation is not fulfilled, we may terminate the Franchise Agreement. (Franchise Agreement, Section 4.1).

Obligations After Opening and During the Operation of Your Franchise

During the operation of your Franchise business, we will:

1. 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. (Franchise Agreement, Section 3.4).
2. 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. (Franchise Agreement, Section 4.4).
3. 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. (Franchise Agreement, Section 4.5)

4. 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. (Franchise Agreement, Section 6.1).
5. Inspect the Franchise and conduct activities to assure compliance with the terms of the Franchise Agreement and Wellness Center Rules to assure consistent quality and service throughout our franchise system. (Franchise 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.
6. Periodically attempt to develop new products and programs and provide ongoing supervision for the Arctic System. (Franchise Agreement, Section 6.5).
7. 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. (Franchise Agreement, Sections 6.1 and 6.3).
8. Periodically update the Wellness Center Rules and will specify changes and improvements in our computer and communications technology. (Franchise Agreement, Sections 6.1, 6.5, and 6.8).
9. Bill fees due from patients, their attorneys, insurance companies, and third-party liability payers. (Franchise Agreement, Section 3.2 and Item 6 of this Disclosure Document).
10. 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. The Agreement does not obligate us to provide such services, however.

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 Franchise 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.

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

We evaluate all prospective franchise owners and the markets in which they want to operate. As part of this evaluation, we may require that you work in an Arctic wellness center for a period of time ranging from one week to two months without compensation before we enter into a franchise agreement with you. We may, in our sole discretion, determine that this work will be credited towards the training described below. This helps ensure that you are a serious applicant and to help us evaluate your level of commitment, experience, and expertise and your need for additional training. See the Observation and Evaluation Agreement that is attached in Exhibit G.

Depending upon your experience and our assessment of your needs, we may but are not obligated to provide a training course for you and your franchise managers. This training might consist of two parts. For the first part, we might ask you to work in an Arctic wellness center for a period of time ranging from one week to two months. If needed, the second part will last from one to five days and will be held at our corporate training facilities in Renton, Washington or at other locations we will designate. Our trainers use the Wellness Center Rules for instructional material. The training will consist of:

TRAINING PROGRAM

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
HR/Compliance Modules	3	0	Online/Remote
General Operations Modules	3	0	Online/Remote
Nurse/IV Modules	5	0	Online/Remote
Owner HQ	8-12	18-24	Arctic Franchising Headquarters or Company-Owned Unit in Renton, WA
Manager HQ	8-12	18-24	Arctic Franchising Headquarters or Company-Owned Unit in Renton, WA
Pre-Opening Membership Sales Training	4	0	Online/Remote
Pre-Opening Marketing Training	4	0	Online/Remote
Modality Training	1	5	Arctic Franchising Headquarters; Company-Owned Unit in Renton,

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
			WA; Franchisee New Unit
Nutrient Modules	5	1	Arctic Franchising Headquarters; Company-Owned Unit in Renton, WA; Franchisee New Unit
TOTAL	0 to 16 Hours	0 to 28 Hours	

* The Training Schedule may be amended and we may adjust them based upon your experience and rate of learning.

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.

The level of training will be determined before the franchise agreement is executed. If needed, the training will cover the Arctic System and related programs, franchise wellness center medical wellness center management, and relationships with patients. The training program must be completed by all franchisees unless, at our reasonable discretion, based upon a franchisee's experience, it is deemed unnecessary. You will pay the transportation, board and lodging expenses you and your employees incur related to this training. (Franchise Agreement, Section 4.1).

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. Some or all training will occur by telephone and Internet.

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. David Kostroub currently oversees training. He has more than six years of experience in the industry. He will coordinate and bring in appropriate other people from us and our affiliate as needed during training. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is one year.

We do not charge for the initial training for you and your Designated Manager (this initial training is included in your Initial Fee), but you must pay any travel and living expenses for you and your employee(s). If you ask us to train additional employees, you will pay our current training charges as well as the travel and living expenses and compensation of the employees.

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.

You are responsible for all expenses you and your employees incur to attend the initial training, including transportation, meals, accommodations and entertainment.

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.

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

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. (Franchise 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. (Franchise Agreement, Section 4.5). Convention attendance is credited toward this 40-hour requirement.

Computer Systems

You must have a computer system with accounting and business control capacities that conforms to our computer system requirements. (Franchise Agreement, Section 6.8). You must lease, purchase, or otherwise acquire, at your expense, software and hardware which strictly conform to our specifications. The Wellness Center Rules describes the hardware, software, and upgrading requirements of the system you must purchase, lease, or otherwise acquire, at your expense. Our computer system requirements include our proprietary patient and treatment management and accounting systems that are available on line at our Internet web site and linked computer terminals. The hardware and software are used for communications, accounting, wellness center operations, client/patient transactions, invoices, medical records, and business record keeping. Your computer hardware and software must be compatible with and strictly conform to all requirements, standards and specifications we set now and in the future. You must have these systems in operation before opening for business. We have no obligation to maintain, repair, upgrade or update your computer hardware or software.

We currently require you to use a Square POS system produced by Square Capital <https://squareup.com/us/en/point-of-sale>.

The cost of this computer software and hardware and related access is \$2,200 to \$4,000 (see Item 7, above). You are required to have:

Hardware

- Computer: IBM compatible PC
- Processor: Intel processor, 2 GHz or faster
- Memory: 4 GB or more
- Hard Drive: 160 GB or larger
- Optical Drive: CD-RW / DVD-ROM: CD reader/writer, and DVD reader
- Monitor: 22" display capable of 1280x1024 resolution.
- Printer: Black and white Laser printer/copier/scanner.
- High speed internet access such as DSL, Cable, T1 or other commercially available technology
- None of the hardware you are required to obtain is proprietary to us. Any hardware that is functionally equivalent and fully compatible to that listed may be used.

Software

- Operating System: Microsoft Windows 7 Professional:
 - Microsoft Office 2010 or 2013 Standard - Includes Outlook, Word, Excel, OneNote and Security Software
 - Antivirus, Firewall, and Spyware (Microsoft Security Essentials recommended)
 - Adobe Reader 11 or most current version for your OS.
 - QuickBooks Accounting Software, highly recommended over other accounting software (Franchise Agreement, Section 6.8).
- We have developed a comprehensive, patient relationship, management, and payment processing system. This software solution provides patients, franchisees and our management team with enhanced information, management systems, and marketing tools. We continue to upgrade and enhance our payment and referral systems that provide efficient internet access to Arctic patients, to our franchisees, to insurance companies and other

payers, and third-party obligors.

We have independent access to your computer systems. We may require independent access to and use of the information and data on your computer systems. There are no contractual limits on such access and use.

You are required to upgrade the computer systems to keep pace with technological advances, as expressed in updates to the Wellness Center Rules. There are no contractual limits on the frequency or cost of these upgrades. We estimate that the annual cost for the obligation will be from \$0 to \$2,500. There are no contractual limits on our access to the information and data stored in your computer systems. (Franchise Agreement, Section 6.8).

Computer hardware and software will be used to integrate patients' accounts by using the computer accounting system software and procedures we provide and establish. You will communicate with us and with other wellness providers and patients using our established communication guidelines and forms. (Franchise Agreement, Section 6.8).

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 of your data and there will be no contractual limitation on our right to access your information or data.

We may take a number of 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-ups periodically and we require that you do the same at your wellness center. 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.

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 agree to 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 agree to 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 \$5,000 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 at all times 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 and without notice to you, and you understand and acknowledge that 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. (Franchise Agreement, Section 3.4). We use in-house advertising departments and local, regional, and national advertising agencies and resources.

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. (Franchise Agreement, Section 3.4) You specifically acknowledge and agree that any web site related to your Franchise will be considered advertising material, subject to our control and approval. (Franchise Agreement, Section 3.4). In connection to any web site, you agree to the following:

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. (Franchise Agreement, Section 3.4).

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 of 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 expenditures are 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 is not audited but is available for review by franchisees. We will not be obligated to expend all or any part of the fees we receive during any specific period and any amounts not spent in one year will be carried over for use in the next year(s). You will receive annual accountings of how advertising fees are spent. The following describes the use of the 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. Generally, we require 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. (Franchise 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 Franchise Agreement is that we may terminate the Franchise Agreement without refunding your

12. TERRITORY

You will receive a defined territory (the "Franchise Territory") consisting of a population of approximately 50,000 households and defined by zip codes, political, geographical or similar boundaries or outlined in a map attached to the Franchise Agreement as an Exhibit. You will operate your Franchise from a location in the Franchise Territory approved by us (the "Franchise Premises"). The Franchise Territory will be identified before you sign the Franchise Agreement. It generally will have a radius of about 1 to 2 driving-miles on major thoroughfares depending upon our then-current franchise placement standards. The Franchise Premises location will depend upon various factors such as cost per square foot, tenant improvement allowance per square foot, ingress and egress to the location, customer parking, distance to major freeways or highways and distance to other franchise and competing locations.

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. However, while the Franchise Agreement is in effect and you are not in default, we will not establish nor license anyone other than you to establish any Arctic facility, or any substantially similar competitive businesses under a different trademark or trade name, in the same medical discipline in your franchise territory.

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.

The location for your franchised wellness center is identified in Section 2.1 of the Franchise Agreement. You may and should hire local staff and independent wellness providers and therapists to operate under your supervision. You and our other franchisees may only treat patients from your and their approved wellness center locations and are subject to standards outlined in the Wellness Center Rules. We reserve the right to place wellness centers at any location regardless of the demographics, population densities, political and geographical configuration and economic structure of a given market area. Wellness center placement guidelines for your specific market may be outlined in your Franchise Agreement.

If you request approval to relocate your Franchise or if you seek to establish an additional franchised wellness center, we will review the proposed location in the same manner and using the same criteria as for any other 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. You will not be entitled to receive any compensation from us or other franchisees for soliciting or accepting orders from any location.

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 wellness centers focused on new or different medical disciplines and for different types of patient bases, such as for specific language groups such as Russian, Korean, or Vietnamese. These new systems may use Arctic service 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 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 will devote your full time and talent to the management, supervision and operation of your franchise. You must schedule and limit your absences from your franchise based upon standards we outline in the Wellness Center Rules. Your management organizational chart will be submitted to us for approval. We may require that you submit, in writing, a management and business plan to be approved by us.

You may not establish or operate any other Arctic establishment without executing a separate Franchise Agreement for that facility. 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 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. The internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as otherwise allowed by us in the Wellness Center Rules. You may not independently market using any digital, electronic or computerized form or any form of media now or in the future developed (e.g., materials to be made available through the internet, inactive electronic transmissions, etc.). For the purposes of this Franchise Disclosure Document, "Internet" means any of one or more local or global interactive communications media, that is flow available, or that may become available, and includes Web sites and domain names. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Arctic Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent. We intend that any franchisee web site be accessed only through our home page. Subject to the terms of use on our web site, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your patients, franchisees, or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.

Continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. We do not retain the right to unilaterally modify your territorial protections during the term of your Franchise Agreement, but we may do so upon renewal.

Only we control and place international, national, regional, and local advertising and promotions and public relations information.

You may not establish or operate any other Arctic 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 "*Arcticsm*" 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.

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:



Since we do not yet have a federal registration for some of our principal names, logos, and service marks, we do not have many legal benefits and rights that come with federal registration. If our right to use the logos and our unregistered names or marks is challenged, you may have to change to alternative logos, names, and marks, 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 will, but are not obligated by the franchise agreement or otherwise to, take reasonable efforts 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 obligated 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 obligated by the franchise agreement or otherwise to take any action or to indemnify you. You agree to indemnify us for any expenses or damages relating to your Franchise business activities, which includes any improper or unauthorized use of any Arctic Marks.

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 ®, TM, SM or other trademark registration notice.

The Arctic Marks are our sole and exclusive property. 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

Franchise 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 Franchise 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 obligated 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 of 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 of 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 Franchise 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 Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Length of the Franchise Term	Section 2.1	5 years.
b. Renewal or Extension of Term	Section 7.1	If you are in good standing, you may renew for periods of 5 years under the terms of our then-current franchise agreement forms. “Renewal” means that you, upon the expiration of the original term of the franchise agreement,

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		have the right to enter into a new agreement according to our then-current franchise agreement forms that may have materially different terms and conditions than your original contract.
c. Requirements for Renewal	Section 7.1	You must: a. Be in full compliance. b. Have satisfied all monetary obligations. c. Give notice to us of your desire to renew at least 3 and not more than 6 months before expiration of the initial term. d. Sign a General Release. e. Sign a new franchise agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract. f. Reimburse us for our reasonable out-of-pocket costs concerning the renewal. g. Attend (or your designated manager must attend) at your expense and successfully complete any retraining program we require. If at the time for renewal we are not offering franchises in your area or cannot by law offer a renewal franchise to you, your existing franchise agreement will be extended for a one-year period. If, at the end of the one-year extension we still are not or cannot offer a renewal franchise to you, the franchise agreement will automatically expire, and you will not have any further renewal or extension rights.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
d. Termination by You	Section 7.2	You may terminate if you comply with the terms of your Franchise Agreement and if we substantially breach any material provision of that Agreement and fail to cure or reasonably to begin to cure that breach within 30 days after receipt of written notice specifying the breach. Termination will be effective 10 days after you deliver to us written notice of termination for our failure to cure within the allowed period.
e. Termination by Us Without Cause	None	
f. Termination by Us with Cause	Section 7.3	We can terminate your Franchise Agreement if you default.
g. "Cause" Defined – Curable Defaults	Section 7.3(A)	You have 30 days to cure any default not listed in Section 7.3(B).
h. "Cause" Defined – Non-curable Defaults	Section 7.3(B)	Bankruptcy and insolvency; abandonment; repeated default; misrepresentations; levy of execution; conviction of felony; noncompliance with laws; operate in a manner that creates imminent danger; fraudulently post transactions; attempt to unilaterally repudiate the Franchise Agreement.
i. Your Duties and Obligations on Termination or Non-renewal.	Section 7.5	Subject to applicable local laws, de-identification, transfer to us or de-identification of your franchise equipment and business premises, return of manuals, release of phone numbers, payment of sums owed, confidentiality, and non-competition.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
j. Assignment of Contract by Us	Section 8.1	There are no restrictions on our right to transfer.
k. "Transfer" by You - Definition	Section 8.1	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of: the franchise agreement, substantial assets of the franchise, or ownership or control of you.
l. Our Approval of Your Transfer	Section 8.1	Subject to applicable local laws, we may approve or disapprove all transfers.
m. Conditions for Our Approval of Transfer	Section 8.1	Subject to applicable local laws, the transferee must qualify as a franchisee, assume your obligations, you may not be in default, the transferee must pay for and successfully complete the mandatory training, the current transfer fee is \$5,000, the transferee must sign a new franchise agreement on our then current terms, and you must release us. You must also coordinate with the transferee to ensure coverage at the location during the transferee's initial training. These conditions are subject to state law (see state specific addenda).
n. Our Right of First Refusal to Acquire Your Business	Section 8.4	We may purchase on the same terms that are acceptable to you. We have 30 days to decide whether to purchase after you notify us of the proposed sale.
o. Our Option to Purchase Your Business	Section 8.3	You must give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		any interest in you or in your franchised business. We will elect to exercise our option to purchase within 60 business days after our receipt of your written notification. If we offer you an amount that you do not agree to, you may try to sell to a third party. You are obligated before any transfer to a third party to comply with all criteria outlined in the paragraphs related to First Right of Refusal. Upon termination or expiration of the franchise agreement, we can elect to buy all or part of your business assets at fair market value.
p. Your Death or Disability	Section 8.2	Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise if they meet our requirements for a new or renewing franchisee, or transfer your franchise interest.
q. Non-Competition Covenants During the Term of the Franchise	Sections 6.6 and 6.7	Subject to applicable local laws, you may not disclose confidential information or compete.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	Section 6.7	Subject to applicable local laws, you will assure that you and your owners, directors, officers, partners, shareholders, employees, consultants, and agents, for a period of two years after expiration or termination of the Agreement, will not divert or directly or indirectly attempt to divert any of our business or any patients to any competing system.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		For 720 days after termination, expiration or transfer of the Franchise Agreement and within 5 miles of your franchise territory and within 2 miles of any other Arctic wellness center: 1. You will not treat any wellness center patient wellness center or perform any wellness center elated services or provide any wellness center related processes or procedures. 2. 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 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. 3. You will not undertake or attempt to solicit or otherwise

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		agree privately with patients other than through the Arctic System or otherwise attempt to circumvent the Arctic System. If you compete within the restrictive period, then this non-compete period will be tolled for the period of your competition. Non-competition provisions are subject to state law.
s. Modification of the Agreement	Sections 6.5 and 10.8	Subject to applicable local laws, modifications to the franchise agreement require the signed written agreement of the parties. We may modify the Wellness Center Rules.
t. Integration/Merger Clause	Sections 6.1, 6.5 and 10.8	Subject to applicable local laws, only the terms of the franchise agreement and operations manual are binding. Any other promises may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations we make in this disclosure document.
u. Dispute Resolution by Arbitration or Mediation	Section 10.9	Subject to applicable local laws, all disputes are required to be arbitrated and all disputes are subject to at least 8 hours of mediation at shared expense in Renton, Washington .
v. Choice of Forum	Section 10.9	Subject to applicable local laws, arbitration must be in the county where our corporate headquarters is located (currently King County, Washington) except in those states whose franchise laws require exclusive application of state

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		choice of forum rules. Litigation is permitted for certain kinds of harm and may or may not be restricted to King County, Washington . See Franchise Agreement and State Law Addendum.
w. Choice of Law	Section 10.9	Subject to applicable local laws, Washington law applies except to the extent governed by the United States Trademark Act and except in those states whose franchise laws require exclusive application of state choice of law rules. See the State Law Addendum.

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.

Based upon "gross sales" (total of all sales of products and services, and other merchandise and products to customers, and describing allowances, returns, refunds, discounts, and sales taxes) required to be reported to us each week, the following table provides the historical "Average Gross Sales" (total gross sales minus sales tax, allowances, returns, and refunds given to customers) for the three domestic individual unit *Arctic Elevation* studios that have been open for at least one year as of September 30, 2025. These studios are materially the same as the studio you will operate. The Average Gross Sales are for the 12 months ended September 30, 2025. The table includes financial performance information for one of our affiliate owned studios and two of our franchised studios and does not include any studios of any type that had not been open for at

least one year on September 30, 2025. "Median Gross sales" means half the studios were above and half the studios were below the stated dollar amounts. See the notes following the table for additional information.

Arctic Elevation Studios Open for more than 12 months as of September 30, 2025

Average Gross Sales: \$611,898

Median Gross Sales: \$620,820

Lowest Gross Sales: \$391,854

Highest Gross Sales: \$814,097

Number and Percentage of Studios Attaining or Exceeding Average Gross Sales - 2/3 (66.6%)

Arctic Elevation Studios Open for more than 12 months as of September 30, 2025

Average Number of Active members: 244

Median Number of Active members: 243

Lowest Number of Active Members: 102

Highest Number of Active Members: 389

Number and Percentage of Studios Attaining or Exceeding Average # of Active Members: 2/3 (66.6%)

- An "Active Member" is a customer of a franchised studio that is currently paying membership fees or a customer with an active membership package as of September 30, 2025.
- All affiliate owned and franchised Studios offer substantially the same products and services to the public.
- We obtained the Gross Sales and Active Member information from the POS Systems utilized by Arctic franchisee and affiliate owned studios.
- The Gross Sales and membership of studios are affected by seasonality. However, not every studio will be similarly affected by seasonality due to a wide variety of factors, including location, proximity to tourist destinations and "snowbird" communities, population density of year-round residents, geographic location in winter-weather climates, market draw, local advertising, and management efforts.

**Some outlets have sold these amounts. Your individual results may differ.
There is no assurance you will sell as much.**

Substantiation of the Financial Performance Representations Data: Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Except as provided above, we do not make any other 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 executive officers; the Federal Trade Commission; and the appropriate state regulatory agencies.

20.
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEM WIDE OUTLET 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
Franchised	July 2023	0	0	0
	July 2024	0	3	+3
	July 2025	3	6	+3
Company-Owned*	July 2023	0	1	+1
	July 2024	1	3	+2
	July 2025	3	3	0
Total Outlets	July 2023	0	1	+1
	July 2024	1	6	+5
	July 2025	6	9	+3

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

TABLE 2
TRANSFERS OF OUTLETS FROM 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
Oregon	July 2023	0
	July 2024	0
	July 2025	0
Washington	July 2023	0
	July 2024	0
	July 2025	0
All Other States	July 2023	0
	July 2024	0
	July 2025	0
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	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	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
California	July 2023	0	0	0	0	0	0	0
	July 2024	0	3	0	0	0	0	3
	July 2025	3	1	0	0	0	0	4
North Carolina	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
Oregon	July 2023	0	0	0	0	0	0	0
	July 2024	0	0	0	0	0	0	0
	July 2025	0	0	0	0	0	0	0
Washington	July 2023	0	0	0	0	0	0	0
	July 2024	0	0	0	0	0	0	0
	July 2025	0	0	0	0	0	0	0
Totals	July 2023	0	0	0	0	0	0	0
	July 2024	0	3	0	0	0	0	3
	July 2025	3	3	0	0	0	0	6

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

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS*
FOR 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
California	July 2023	0	0	0	0	0	0
	July 2024	0	2	0	0	0	2
	July 2025	2	0	0	0	0	2
Washington	July 2023	0	1	0	0	0	1

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
	July 2024	1	0	0	0	0	1
	July 2025	1	0	0	0	0	1
Other States	July 2023	0	0	0	0	0	0
	July 2024	0	0	0	0	0	0
	July 2025	0	0	0	0	0	0
Total	July 2023	0	1	0	0	0	1
	July 2024	1	2	0	0	0	3
	July 2025	3	0	0	0	0	3

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

TABLE 5
PROJECTED OPENINGS*
THROUGH JULY 30, 2026

<u>State</u>	<u>Franchise Agreements Signed but Business Not Yet Opened as of September 30, 2025</u>	<u>Projected New Franchised Businesses Through the Next Fiscal Year</u>	<u>Projected New Company-Owned Operations Through the Next Fiscal Year</u>
Arizona	1	1	0
California	2	3	0
Florida	0	2	1
Illinois	0	1	0
Ohio	0	1	1
Oklahoma	0	1	0
Oregon	0	1	0
North Carolina	1	0	0
South Carolina	0	1	0
Utah	0	1	0
Washington	0	3	1
TOTALS	4	15	3

* 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 of 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 of our current franchisees and the addresses and telephone numbers of all of their operations as of **September 30, 2025: NONE**

<u>Name</u>	<u>Address</u>	<u>Phone</u>	<u>Date Opened</u>
Evan Atwater	2501 East Beryl Avenue, Phoenix, AZ 85028	206-406-0411	Not Yet Open

<u>Name</u>	<u>Address</u>	<u>Phone</u>	<u>Date Opened</u>
Paul Litvinchuk	4363 Hazel Ave, Fair Oaks, CA 95628	916-747-2206	Not Yet Open
Paul Galushkin	1004 White Rock Rd, El Dorado Hills, CA 95765	(916) 970-9164	August 2024
Alex Shevchenko	6620 Lonetree Blvd Suite 100, Rocklin, CA 95765	(916) 848-7308	September 2024
Vlad Chernioglo	1470 Eureka Rd, Roseville, CA 95661	(916) 232-4975	September 12, 2025
Arsen Saroyan	3223 Wilshire Blvd, Santa Monica, CA 90403	505-500-4504	Not Yet Open
Denis Latisvka	1833 Hendersonville Rd, Asheville, NC 28803	828-335-5580	Not Yet Open

The following is a complete listing of all of the Arctic wellness centers owned and operated by our affiliates and the addresses and telephone numbers of all of their operations as of September 30, 2025 and the date they joined the Arctic System:

<u>Address</u>	<u>Phone</u>	<u>Date Opened</u>
1004 White Rock Rd, Suite 200, El Dorado Hills, CA	(916) 970-9164	November 2024
6620 Lonetree Blvd in Blue Oaks Town Center, Rocklin, CA	(916) 848-7308	December 2024
1133 Lake Washington Blvd N, Lake Washington, WA	425-400-2925	June 2023

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

<u>Name</u>	<u>Address</u>	<u>Phone</u>

TERMINATED BY FRANCHISOR:

<u>Name</u>	<u>Address</u>	<u>Phone</u>

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 July 31, 2025. Our fiscal year-end is July 31, 2026.

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 Franchise 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 |

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.

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: 2101 Arena Boulevard Sacramento, CA 95834 (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 1 st 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 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7 th 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, 4 th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 th 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 01, 2024
through July 31, 2025

Arctic Franchising LLC

Financial Statements

As of July 31, 2025 and for the period from August
01, 2024 through July 31, 2025

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Independent Auditors' 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 01, 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 01, 2024 through July 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis of 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.



Drenchko Stephanie, CPA

Ballston Lake,
NY 12019

September 24, 2025

Arctic Franchising LLC

Balance Sheet

As Of July 31, 2025

	Amount
Assets	
Current Assets	
Cash and Bank Balances	186,497.81
Prepaid Expenses	7,500.00
Total Current Assets	193,997.81
Non-Current Assets	
Computer Equipments	2,790.00
Depreciation	(279.00)
Total Non-Current Assets	2,511.00
Total Assets	196,508.81
Liabilities and Equity	
Equity	
Capital	75,000.00
Owner's Distribution	(163,063.57)
Net Income	284,572.38
Total Equity	196,508.81
Total Liabilities and Owner's Equity	196,508.81

See independent accountant's review report and accompanying notes to financial statements. 6

Arctic Franchising LLC

Profit and Loss Statement

August 01, 2024 Through July 31, 2025

In US Dollars

	Amount
Sales Revenue	
Franchise Fees	575,000.00
Total Revenue	575,000.00
Operating Expenses	
Misc. Operating Expenses	143,859.31
Marketing and Advertising	27,500.00
Legal and Professional Fees	10,000.00
Office Supplies	4,789.31
Website	9,000.00
Depreciation	279.00
Mobile App Development	5,000.00
Franchise Sales Commission	90,000.00
Total Operating Expenses	290,427.62
Net Income	284,572.38

See independent accountant's review report and accompanying notes to financial statements. 7

Arctic Franchising LLC

Statement of Change in Equity

As Of July 31, 2025

PARTICULARS	Capital	Retained Earnings	Total
Balance as of August 01, 2024			
Capital	75,000.00	-	75,000.00
Owner's Distribution	-	(163,063.57)	(163,063.57)
Profit For The Year	-	284,572.38	284,572.38
Balance as of July 31, 2025	75,000.00	121,508.81	196,508.81

See independent accountant's review report and accompanying notes to financial statements. 8

Arctic Franchising LLC

Cash Flow Statement

August 01, 2024 Through July 31, 2025

	Amount
CASH GENERATED FROM OPERATING ACTIVITIES	
Net Income	284,572.38
Adjustment for non-cash items - Depreciation	279.00
Financial Charges	-
Operating Profit before working capital changes	284,851.38
Working Capital Changes	
Prepaid Expenses	(7,500.00)
Cash Generated from Operation	(7,500.00)
Less: Financial Charges	-
Less: Income Tax Paid	-
Net Cash Generated from Operating Activities (A)	277,351.38
CASH FLOW FROM INVESTING ACTIVITIES	
Fixed Assets	(2,790.00)
Net Cash Flow from Investing Activities (B)	(2,790.00)
CASH FLOW FROM FINANCING ACTIVITIES	
Capital	75,000.00
Drawing	(163,063.57)
Net Cash Flow from Financing Activities (C)	(88,063.57)
Net Cash Flow from All Activities (A+B+C)	
Opening Cash & Cash Equivalents	-
Closing Cash and Cash Equivalents	186,497.81

See independent accountant's review report and accompanying notes to financial statements. 9

Arctic Franchising LLC

Notes to the Financial Statements

DESCRIPTION OF BUSINESS

Arctic Franchising LLC ("AF LLC" or the "Company") is a limited liability company formed under the laws of the State of Washington on July 23, 2024 ("Inception"). 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. References in these financial statement footnotes to "Company", "we", "us", and "our" refer to the business of Arctic Franchising LLC. The Company is in the business of granting franchises the right to operate an ARCTIC ELEVATION™ med spa ("Franchised Business"), which specializes 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 general public through certified professionals and Registered Nurses and offering related services and products under our Marks and using our system (hereinafter the "System").

The Company is a limited liability company, and therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee. Arctic Elevation LLC ("AE LLC"), our affiliate, owns the trademark and other intellectual property related to the ARCTIC ELEVATION™ franchise system. AE LLC has licensed the trademarks and other intellectual property to the Company under a perpetual license agreement (the "License"). The License grants the Company the right to use these trademarks and other intellectual property to sublicense them to franchisees of the Company. As of July 31, 2025, there were 7 unit franchised outlets, and 1 affiliate-owned outlet in operation.

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.

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.

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. 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.

Provisions

In the ordinary course of business, the Company may become subject to claims, legal proceedings, or other loss contingencies. Management evaluates such matters in accordance with Accounting Standards Codification (“ASC”) Topic 450, Contingencies. Management has concluded that there are no matters that meet the criteria for recognition of a provision. Accordingly, no provisions for loss contingencies have been recorded in the accompanying financial statements.

Impairment of Long-Lived Assets

The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company’s overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not fully recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the period ended July 31, 2025, no impairment charges were recognized related to long-lived assets.

Revenue Recognition Franchise Fees

The Company recognizes revenue in accordance with the Financial Accounting Standard Board (“FASB”) ASC 606-10-25, Revenue from Contracts with Customers. In January 2021, the FASB issued ASU 2021-02, “Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient.” ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a weekly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a Franchised Business developed in one defined geographic area and provides for a 5-year initial term with the option to renew for another term under the then-current agreement. Subject to the Company’s approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required.

Under the terms of its franchise agreements, the Company typically provides franchise rights, pre-opening services such as site selection, training, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue is allocated to the two separate performance obligations using a residual approach. The Company estimates the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities is recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services is recognized on a straight line basis over the contractual term of the franchise agreement, as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees are recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees are recognized over the contractual term of the transfer agreement.

Royalty Revenue

Royalty revenue from Franchised Businesses will be based on 8% of the franchisees' gross revenue. Royalty revenue will be recognized during the respective franchise agreement as earned each period as the underlying franchised business sales occur.

National Marketing Fee Revenue

The Company will maintain a national marketing fund to promote general brand recognition of the franchise system and services. Funds are collected from franchisees based on an agreed-upon percentage of franchisee's weekly gross revenue and used to pay costs of, or associated with, marketing, advertising, promotional programs, public relations, and costs to administer the national marketing fund. Although national marketing fee revenue is not a separate performance obligation distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the national marketing services. As a result, the Company records national marketing fee contributions in revenue and related national marketing fee expenditures in expenses in the statements of operations. When national marketing fee revenue exceeds the related national marketing fee expenses in a reporting period, national marketing fee expenses will be accrued up to the amount of the national marketing fee revenue recognized. National marketing fee revenue will be contributed by franchisees based on one percent of the Franchised Businesses' gross sales and will be recognized as earned.

Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through September 24, 2025 which is the date the financial statements were available to be issued. Through September 24, 2025, no subsequent events required recognition or disclosure in the financial statements.

Income Taxes

The Company is a single member limited liability company and as such is considered a disregarded entity under the provisions of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the sole member is taxed on the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statement. The company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

The Company's sole member files income tax returns in the U.S. federal jurisdiction and the state jurisdictions in which the Company operates. The Company is subject to routine audits by taxing jurisdictions from the inception July 23, 2024; however, there are currently no audits for any tax periods in progress. In accordance with FASB ASC 740-10, Income Taxes, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at July 31, 2025.

Recently Issued Accounting Pronouncements

The Company has reviewed the Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB") that are not yet effective. Management has evaluated the applicability of these standards to the Company's operations and financial reporting. Based on this evaluation, management has determined that the adoption of recently issued ASUs, whether adopted currently or in the future when effective, is either not applicable to the Company or is not expected to have a material impact on the Company's financial position, results of operations, or cash flows.

Commitments and Contingencies

Litigation

Management has evaluated the existence of claims, legal actions, and complaints in the ordinary course of business. As of the date of these financial statements, the Company is not a party to any pending or threatened litigation, claims, or complaints. Accordingly, no loss contingencies have been recorded, and management does not believe any such matters exist that would have a material effect on the Company's financial position, results of operations, or cash flows..

EXHIBIT C



ARCTIC FRANCHISING LLC

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

425-400-2925



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FRANCHISE AGREEMENT

THIS AGREEMENT has been entered this ___ day of _____, 202___. It is by and between **ARCTIC FRANCHISING LLC**, a Washington Limited Liability Company, and our successors and assigns ("we, us") and _____, (jointly and severally "you"). For purposes of this Agreement "you" may include an individual, corporation, partnership, limited liability company or other legal entity. "You" includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of you, or in which you own a majority interest. The term "you" will include all persons who succeed to your interest by transfer or by operation of law.

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. These include, but are not limited to, "**Arctic**sm" "**Arctic Elevation**[®]," "**Arctic**sm," "**Arctic Wellness center**sm," and the Arctic Elevation and Arctic logos, all of which are collectively and individually referred to as the "Service Marks." 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.

Arctic Elevation wellness center franchises are connected with the operation, promotion, and advertising of our system of full service, 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+ to the general public through certified professionals and registered nurses. They also include our business services, advertising and promotions, and wellness center practice and patient payment systems. Collectively, this is called "the Arctic System."

These 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 health care professionals, physicians, doctors, therapists, nurses, and technicians as "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 health processes and healthcare to patients while emphasizing overall health and wellness. An Arctic franchise includes our business services, advertising and promotions, healthcare practice system, and patient payment and collection systems. Collectively, this is part of the Arctic System.

We offer franchises to qualified persons and entities. These franchises are nonexclusive and we retain the right to own, operate, license or franchise the Arctic System throughout the United States and internationally.

You desire to operate an Arctic medical wellness center using the Arctic System. The franchise offered to you pursuant to this Agreement is referred to as the "Franchise." The persons who obtain such a Franchise from us are sometimes referred to as our "Franchisees."

You acknowledge that the sales, profits and earnings of an individual franchise may vary greatly depending on a wide variety of factors, including but not limited to the location of the franchise; population demographics; competition in the area; the franchisee's business, management and sales expertise; economic and market conditions; labor and product costs; how closely you comply with our standards, specifications and procedures; and other factors. You furthermore

realize that there is a risk in owning any business venture including this one and that running a business can be very hard work.

You realize that entering into this Agreement will obligate you to operate your Franchise in accordance and conformity with the standards, specifications and procedures as set forth in the Wellness Center Rules that we will loan to you. If you operate your Franchise below the standards we require, Patients will be less likely to remain in the Arctic System. This would damage our business and the business of our franchisees. It will be difficult for us to obtain new franchisees for Arctic franchises if a prospective franchisee observes that you do not maintain the required standards.

You acknowledge that this Agreement was accompanied by a Franchise Disclosure Document, which you received 14 calendar days before signing any Franchise or related agreement or making any payment with the franchisor or an affiliate in connection with the Franchise sale. 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, you acknowledge that we provided you a final copy of the revised agreement at least 7 calendar days before you signed the revised agreement. In addition, you acknowledge receipt of this Agreement containing all substantive terms at the time of delivery of the Franchise Disclosure Document. You have read this Agreement and our Franchise Disclosure Document. You understand and accept the terms, conditions and covenants contained in this Agreement. They are necessary to maintain our high standards of quality, service and uniformity at all Arctic franchises. They protect and preserve the goodwill of the Service Marks and the confidentiality and value of the Arctic System.

You have read this Agreement and our Franchise Disclosure Document. You understand and accept the terms, conditions and covenants contained in this Agreement. They are necessary to maintain our high standards of quality, service and uniformity at all franchises. They protect and preserve the goodwill of the Service Marks and the confidentiality and value of the Arctic System. You acknowledge that the terms of our prior franchise offerings may have materially differed from the terms of this Agreement. You may be required to report to and receive support directly and indirectly from one of our Area Representative Franchisees. Area Representative Franchises are offered under a separate disclosure document.

We expressly disclaim the making of and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Franchise Agreement, except those representations specifically disclosed in our Franchise Disclosure Document. You acknowledge that you have read this Agreement and our Franchise Disclosure Document and that you have no knowledge of any representations by us, or our officers, directors, shareholders, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. We do not furnish nor do we authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of any Arctic Wellness center operation that is inconsistent with disclosures in our Franchise Disclosure Document. Actual results vary from unit to unit and we cannot estimate the results of any particular franchise.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **DEFINITIONS**

1.1 Arctic System. Arctic wellness centers are fully staffed with appropriately licensed health care professionals including physicians, doctors, therapists, nurses, and technicians as applicable. 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.”

1.2 Area Representative. You may be required to report to and receive support directly and indirectly from one of our Area Representative Franchisees. Area Representative Franchises are offered under a separate disclosure document. An Area Representative Franchisee is responsible for offering, helping us sale, promoting, establishing, and supporting our unit franchises.

1.3 Autopay Program. The “Autopay Program” is the payment for treatment by Patients automatically by credit card or electronic funds transfer.

1.4 Confidential Information. “Confidential Information” means all written material provided to you by us, unless otherwise expressly indicated in writing by us. Further, Confidential Information, whether provided to you in writing or orally, includes, but is not limited to, our trade secrets, designs, accumulated technical knowledge and proprietary information, and information regarding our business, technology, products, marketing plans, treatment and sales strategies, research and development activities, financial affairs, pricing information and models, data and information systems, vendors, patients, employees, or any other information which we are required to keep confidential as the result of a confidentiality agreement with a third party, or which is treated by us as confidential. All Confidential Information is a protectable interest of ours. Confidential Information includes, but is not limited to: Patient identities and treatment histories, Patient account information, records of communications from and to Patients and employees, Provider lists, computer software technologies and procedures, the selling and use of the Arctic System, information about products or services, that are not public knowledge, procedures, and other information disclosed to you through the Arctic System or Wellness Center Rules. Notwithstanding the foregoing, Confidential Information does not include information (i) which you can demonstrate by documentary evidence was already known to you prior to the date it was received from us; or (ii) which, at the time of disclosure or later, is published or becomes otherwise available to the general public as part of the public domain through no act or failure to act on your part and without breach of this Agreement; or (iii) which you can demonstrate by documentary evidence came into your possession from third parties who have a *bona fide* right to make information available without restriction.

1.5 Franchise. “Franchise” means a business in which you, as the franchisee, engage in an **Arctic Elevation®** business that will own, operate and/or manage a 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+ to the general public through certified professionals and registered nurses, under the Service Marks and using our methods. This can include conversion of your currently existing and operating health care wellness center to the Arctic System:

1.6 Gross Revenue. "Revenue" means all receipts generated by your franchise from any source, including, but not limited to, sales, exchanges, services, labor, service charges, service contracts, etc., and excludes discounts, refunds, and sales taxes. However, "Revenue" will include a refund if the refund results from inappropriate or erroneous service charges by you or your representatives. Credit and deferred payment transactions will be included in Revenue as of the date of the transaction without deduction for uncollected credit accounts. "Gross Revenue" means the total Revenue for any calendar period. If the Franchise Premises is located in a co-branded location, the exact basis and calculation of Gross Revenue will follow the requirements and procedures we outline in the Wellness Center Rules to take into consideration the needs and requirements of the co-branded location although Revenue will be limited to Arctic related receipts. The exact basis and calculation of gross receipts will follow the requirements and procedures outlined in the Wellness Center Rules to take into consideration the needs and requirements of the co-branded location. You will obtain and keep, or make arrangements for us to have access to a complete and accurate set of books and records of the operation of all businesses operating at and all business done through the co-branded location although gross receipts will be limited to Arctic related sales.

1.7 Insurance Payments. "Insurance Payments" are payments made by insurance companies and similar entities on behalf of Patients, irrespective of treatment and transactional activity during the Month.

1.8 Patient or Patients. "Patient" or "Patients" means one or more individual Patients who receive treatment or otherwise patronize an Arctic Wellness center or participate in the Arctic System and therefore have a patient relationship with you.

1.9 Patient Agreement. "Patient Agreement" means the Arctic Patient Agreement together with the following attachments and information, as amended from time to time, which may be viewed online on the domain and subdomains of www.arcticelevation.com (our "Website") and which are incorporated into the Wellness Center Rules by this reference and in their entirety: the Wellness Center Rules and our Privacy Policy.

1.10 Provider. "Provider" means licensed chiropractors, medical doctors, therapists, and other health care professionals who practice pursuant to and under the auspices of state and local licensing authorities and regulators. We sell franchises to and refer to all our franchisees as our "Providers."

1.11 Service Marks. "Service Marks" include the names "*Arctic*sm," "*Arctic Elevation*[®]," and the Arctic logos, and related U.S. and foreign registrations, as well as various unregistered trademarks and service marks. We may maintain in the Wellness Center Rules a list of all the trademarks, service marks and other designations that you are licensed to use. In our sole discretion, we may supplement your license by adding new marks to the list in the Wellness Center Rules.

1.12 Then-Current Franchise Agreement. "Then-Current Franchise Agreement" means the form then currently provided to prospective franchisees, or if no form is then being provided, a form we select in our sole discretion, which previously has been delivered to and executed by a franchisee of ours.

1.13 Treatment Fees. "Treatment Fees" are fees paid by or on behalf of Patients for treatments and services they receive from you and products they purchase from you.

1.14 Web Site. "Web Site" means an interactive electronic document, contained in a network of computers linked by communications software and that refers to the franchised business, proprietary marks, the Arctic System or us. The term Web Site includes, but is not limited to, Internet and World Wide Web home pages.

1.15 Wellness Center Rules. The "Wellness Center Rules" means the rules of the Arctic System as may be amended by us from time to time, incorporated within the Patient Agreement. The Wellness Center Rules describe the terms and conditions applicable to Patients' use of the Arctic System and your treatment of and sales of services and products to Patients. It also includes our Franchise rules, instructions, restrictions, advice, and suggestions for operation of your franchise, as amended from time to time, that we loan to you during the period of your contractual relationship with us.

2. **GRANT OF FRANCHISE**

2.1 Grant of Franchise and Franchise Territory. Subject to the terms and conditions of this Agreement, we grant to you and you accept from us, the Franchise, license and privilege to use the Service Marks, the Arctic System, and marketing materials bearing the Service Marks, for 5 years from the date of this Agreement. This grant is solely for the operation by you of one wellness center for the indicated discipline in the territory (the "Franchise Territory") and at the location ("the Franchise Premises") identified in the attached Schedule 1.

You will have the right to:

1. Participate as a Franchise in the Arctic System (as set forth in Patient Agreement and our Wellness Center Rules) and to indicate to the public that your independent business is part of the Arctic System;
2. Open one wellness center under a name that is approved in advance and in writing by us with the primary responsibility to solicit and treat Patients within Arctic System; and
3. Receive assistance from us in the implementation and operation of the Franchise.

If the location for your franchised operations has not been determined when this Agreement is executed, you are responsible for selecting the site for your franchise within the area designated in Schedule 1. Your franchise site must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

During the term of this Agreement, we agree not to establish, or license anyone else to establish, any business using the applicable Service Marks or the Arctic System in the applicable discipline within the Franchise Territory without your prior written consent. However, we may purchase or be purchased by, or merge or combine with, competing business, wherever located. We will not operate a wellness center, or grant to ourselves or another person a franchise within the Franchise Territory for the applicable brand in the applicable discipline.

We will analyze your market area, to help determine site feasibility and to help in selection of the franchise location. In analyzing a proposed site, we examine its general location, distance from warehouse, traffic patterns, parking, size, physical characteristics, proximity to competing businesses, lease terms, sign visibility, neighborhood economic profile, population density and accessibility. The exact determination of the location for the Franchise Territory and for the Franchise Premises will depend upon our approval and your and our market analysis, market penetration plans and franchise placement strategies and existing franchise commitments. You must obtain our prior written approval for the site of the Franchise Premises and your lease related to it. Our response to your request for approval of a site will be given within 30 days after we receive your written request.

If you and we cannot agree on a site for your Franchise Premises, we may terminate the Franchise Agreement by refunding to you the Initial Franchise Fee and any amounts paid for purchases of products and supplies from us or our affiliates (you must return the products and supplies to us or our affiliates).

Pricing. We will be permitted, to the extent permitted by relevant law, to establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell. These will be specified by us in the Wellness Center Rules.

2.2 One Location for Franchise Premises. You will operate your Franchise at only one location. All land, buildings and improvements at the location, including parking, are part of the "Franchise Premises." Relocation of the Franchise Premises will require our prior written approval. You may not establish or operate any other Arctic wellness center or related business without executing a separate franchise agreement for that facility. You may not operate or assist in the operation of a competing business.

2.3 Assistance in Site Location. You are responsible for finding the location of the Franchise Premises. If you request assistance in selecting a site for the Franchise Premises, we will provide reasonable assistance in finding a location acceptable to you. We do not guarantee success for any location you select. We will not be liable for any consequences of your choice of any site for your Franchise. Any site recommendation or approval we make is not a representation that any particular site is available or legally appropriate for use as a site for your Franchise. It is your responsibility to investigate all applicable zoning, licensing, leasing and other requirements for any proposed site. You must ensure that the site you select complies with these requirements. Before you enter a lease or purchase agreement for the Franchise Premises, you will submit the lease or purchase documents to us for approval as detailed in the current Wellness Center Rules.

2.4 Franchise Premises Development. You will be responsible to construct, remodel, furnish, decorate and equip the Franchise Premises as outlined in the Wellness Center Rules.

- A. You will comply with the standards and specifications we establish for architectural design, office layout, equipment, furnishings and fixtures, among other things. Any modifications to or variations from our standards and specifications require our prior written consent.
- B. All computer equipment will conform to our equipment specifications as adopted from time to time. You acknowledge and agree that we may update, modify, or otherwise make changes to our equipment specifications and that, in the event of any updates, modification or other changes in or additions to our equipment specifications, you will promptly modify, replace or add to your existing equipment at your sole expense.

- C. We will furnish to you a schedule of wellness center equipment and furnishing packages for the Franchise. Any modifications you propose must be approved in writing by us. All approvals will be solely within our discretion to maintain a uniform image consistent with Arctic franchise system concepts.
- D. You will comply with the standards and specifications we establish for wellness center equipment, materials, and supplies, among other things.
- E. You will comply within a time we deem reasonable with any requirement we impose to modify the wellness center equipment, materials, and supplies.

2.5 Relocation of the Franchise Premises. You will not relocate the Franchise without our prior written approval. Any relocation will be at your sole expense. This Agreement will govern your operations at any replacement Franchise location. If your lease of the Franchise Premises terminates or expires and cannot be renewed during the term of this Agreement, or if you reasonably decide to relocate the Franchise Premises for cause, you may relocate the Franchise Premises to another available site, if:

- A. you are not in breach of this Agreement;
- B. your lease was not ended by the lessor because of your breach of the lease agreement;
- C. you evidence to our satisfaction your ability to obtain and commence operations at the new location within a reasonable period after you vacate the original location;
- D. you develop, construct, remodel, furnish, decorate and equip, at your sole expense, the new location according to our then current specifications and standards, as may be set out in the Wellness Center Rules;
- E. you pay all reasonable out-of-pocket expenses we incur because of the relocation. The term "Franchise Premises" will include the relocated business site; and
- F. you satisfy our then current Franchise placement and demographics criteria, as may be expressed in the Wellness Center Rules.

2.6 You Will Not Advertise. Except with our prior written permission, you will not, under any circumstances, place advertisements using the Service Marks in any area, including in or originating from the market area immediately surrounding the Franchise Premises, as outlined in the Wellness Center Rules. All Internet and social media marketing is part of our multi-area marketing programs described in the Wellness Center Rules and defined below, and must be coordinated through us and approved by us. You may not market independently on the Internet or in social media or acquire an independent Internet domain name or Web Site. Unless the context otherwise indicates, any reference to the Internet and social media includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

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.

2.7 Existence of Divergent Forms of Franchise Contracts. You acknowledge that our present and future franchisees may operate under a variety of different forms of franchise agreements, and that, consequently, our obligations and rights with respect to our various franchisees may differ materially in certain instances. You further acknowledge and agree that our use of different forms or versions of franchise agreements does not entitle you to benefit from any differences, nor does it operate to alter or amend this Agreement.

2.8 Rights We Reserve. You acknowledge and agree that the licenses granted to you are non-exclusive and that we and our affiliates will have and will retain the right to operate businesses using the Arctic System and provide products and services to Patients using the Arctic System throughout the United States and internationally, regardless of where Patients or the applicable wellness centers are located or where transactions are taking place. We retain the right to market and provide products and services to any and all Patients

2.9 Nonexclusive. To (i) encourage the unrestricted and ongoing development and possible expansion of the Arctic System, (ii) increase market share and presence, (iii) create greater Patient awareness, greater convenience to Patients, and a possible increase in brand awareness, (iv) take the lead in establishing new systems, services and markets, and (v) place Arctic System franchises in a superior position with respect to competition in the wellness center industry, you are not granted any "exclusive territory" or any "exclusive", "protected" or "reserved" territorial or other rights. There is no limitation on our right to locate or consent to the location of other Arctic System franchisees, businesses or other forms of distribution for any product or service of any type, regardless of the distance from, impact on or vicinity of, your business operations or the number of Arctic System businesses in an area or market. We will generally require, but are not obligated to require, new franchisees to locate their franchise premises no closer than one to one and one-half miles from your Franchise Premise but this policy will be modified in cases where geographic/demographic characteristics of the market dictate closer placement.

Because growth and diversification of the Arctic System is intended to benefit both parties by enhancing the recognition, availability and goodwill of the Arctic System and the Service Marks, you agree that the lack of territorial rights is not unfair to you and does not reflect bad faith by us.

We reserve the right to market, solicit sales, and sell, lease, rent or otherwise dispose of Arctic products and services to any person or patient, including, national accounts, commercial accounts, providers, franchisees, end users and any other person or patient we may select, regardless of where located. We may exercise our right directly or indirectly by or through independent contractors that may include franchisees, dealers, and providers. You acknowledge that we have made no representation concerning exclusivity in any geographic territory or for any patient segment.

3. **PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS**

3.1 Initial Franchise Fee. The Initial Franchise Fee is **\$59,500**. It is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of this Agreement and the opening of the Franchise Premises and for our lost or deferred opportunity to sell franchises in the franchise area to others. Contemporaneously with the execution of this Agreement, you will pay to us the Initial Franchise Fee.

Except as provided in Sections 3 & 4, below, none of the Initial Franchise Fee is refundable.

3.2 Ongoing Fees. Payment of these fees each month may be required to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Wellness Center Rules, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer, or via the Internet.

- A. *Royalty Fee.* You will pay to us a Royalty Fee equal to **8%** of your Gross Revenue.
- B. *Advertising Fee.* You will pay to us an Advertising Fee equal to **1%** of your Gross Revenue.

We may use some or all Advertising Fees we receive from you in local, regional, national, Internet, or international advertising for:

- maintaining, administering, researching, directing and preparing advertising and promotional activities (including, among other things, the costs of preparing and conducting television, radio, magazine and newspaper advertising campaigns, public relations programs and press releases);
- direct mail and outdoor billboard advertising;
- marketing research and development;
- marketing surveys and public relations activities;
- development and maintenance of any Internet or e-commerce programs;
- marketing materials;
- decor and promotional materials;
- artwork; advertising services;
- training and conventions related to marketing, patient service and sales augmentation;
- production and distribution of periodic newsletters to provide you with industry news, suggestions, and advice on franchise operations; and

- our reasonable salaries, accounting, collection, legal and other costs related to all of the above together with 15% to cover our overhead and administrative costs.

Our internal artwork, advertising, promotion and newsletter production costs and associated administrative costs are paid from the Advertising Fees. These will be calculated at our cost as established from time to time.

We will combine your Advertising Fees together with contributions from our other franchisees 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 the Arctic franchise system.

You recognize the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the Arctic System.

The advertising fees we receive from you and from our other franchisees will be administered by us. We will direct all regional and national advertising programs. We will have sole discretion over the creative concepts, materials, endorsements, placement, and allocation of moneys. The advertising fees we receive from you and from our other franchisees will be used to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs as we will in our sole discretion deem proper. It also will be used to cover our costs of collecting and administering the advertising fees we collect from our franchisees, including incurred legal fees. The advertising fees will be used to pay for joint marketing programs, including programs with our suppliers, affiliate companies and co-branding partners. We are under no obligation to administer the advertising fees to assure that expenditures are 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. We will not be obligated to expend all or any part of the advertising fees we receive during any specific period of time. Upon your written request, we will provide to you the most recent annual accounting of the advertising fees we receive from you and from our other franchisees.

The advertising fees may be used for marketing, advertising, public relations, production, and media expenses related to promotion of the Service Marks, our franchise system and our products and services. The advertising fees may also be used for operational, administrative, office, rent, automobile, and collection expenses. We will not use any part of the advertising fees for franchise sales, but may include references to the availability of franchises in materials produced and placed in media by the advertising fees.

We anticipate that all contributions and earnings of the advertising fees we receive from you and from our other franchisees will be expended for the advertising and promotional purposes during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the advertising fees at the end of such taxable year, all expenditures in the following taxable year(s) will come first from earnings and contributions from the prior year and next out of earnings in the current year. If we have spent more than all contributions and

earnings of the advertising fees on advertising in a year then we will be entitled for reimbursement from the contributions and earnings of the advertising fees in the following year(s).

We Will Administratively Segregate Advertising Contributions. The advertising fees we receive from you and from our other franchisees will be administered as follows:

1. We will administratively segregate all advertising contributions paid to us by our franchisees. All payments will be deposited in our general operating account; will be commingled with our general operating funds; and will be deemed to be our asset, subject however to our obligation to expend it in accordance with the terms of this Agreement.
2. Our books and records relating to the advertising fees will be available for your inspection during our normal business hours, upon reasonable notice.
3. Although we intend the advertising fees to be of perpetual duration, we maintain the right to terminate them. If terminated, however, until all monies we receive for advertising fees will be expended on advertising.
4. An accounting of contribution and expenditures will be prepared annually and will be made available to you upon request. Such accounting may include an accounting of the contributions and expenditures prepared by an independent certified public accountant selected by us, at the expense of the advertising fees we receive from you and from our other franchisees.

You are Not a Third-Party Beneficiary of the advertising fees we receive from you and from our other franchisees. We will have the sole right to enforce the obligations of you and all our other franchisees, who contribute advertising fees. Neither you nor any other of our franchisees who are obligated to contribute advertising fees will be deemed a third-party beneficiary with respect to the advertising fees or have any right to enforce any obligation to contribute.

We May Return Advertising Fees to You or Use Advertising Fees for Regional Co-op Programs. We will have the right to expend all, or any portion of the advertising fees we receive from you and from our other franchisees for regional or local co-op advertising or promotional programs provided, however, that such programs will be available to all similarly situated franchisees.

3.3 Deductions. We may deduct from your bank accounts the following charges:

Cost of equipment, furnishings, supplies, and inventory you order from us as published from time to time in the Wellness Center Rules.

Any expenses you incur or debts that you owe including those created through the application of the section below titled "Indemnification," that we pay, although we are not obligated to pay any expenses or debts for you. When such expenses are paid for you by us, we will enter a deduction against your bank accounts to reimburse those funds to us. Any amounts we are unable to recover in any given week will rollover onto the next week's reconciliation until all funds are repaid to us.

These deductions may be increased or decreased as we reasonably specify in the Wellness Center Rules. Any modification will be made uniformly for all similarly situated franchisees.

3.4 Advertising. We will direct all local, regional, national, and international advertising programs. We will have sole discretion over the creative concepts, materials, endorsements, placement and allocation of moneys for all advertising.

A. Ethical Advertising. You will ensure that all of your advertisements and promotions are completely factual and conform to the highest ethical advertising standards and our corporate identity standards. You will refrain from any communications, advertising, or promotions, which may be injurious to you or to us or to the goodwill associated with the Service Marks and the Arctic System. If you violate these important requirements, we may terminate your Franchise pursuant to the provisions of this Agreement

B. Your Advertising. You may not advertise at any time without our prior express written permission and must always use only our approved advertisements including promotional materials and advertising for use in newspaper, radio, and television advertising, specialty and novelty items, signs, containers and clothing.

C. Optional Promotional Materials. We will provide standard promotional and operational materials, including application forms, Patient treatment and transaction materials, brochures, and other materials for use by you and others. We may charge you for orders of promotional and operational materials in excess of pre-approved amounts. You are not required to order any materials. However, you must use the most current form of all materials, advertisements, and Patient forms we have approved.

D. Telephone and Listings. You will maintain a business telephone line with a business listing in the local telephone directory. You must have a business telephone with voice mail or a full-time answering service. You must identify that your office and franchise are affiliated with us and the Arctic System when you or your answering service or voicemail service answer telephone calls and in all of your electronic and digital communications. You must use the e-mail address we assign to you in the form firstname.lastname@Arcticwellness center.com for the purposes of receiving and responding to e-mail related to your franchise.

E. Discount Programs. From time to time, we may develop and market special discount or other incentive programs. You must to participate in these programs. We will establish the discount or incentive programs in our sole discretion, and may not consult or confer with you or any other of our franchisees with respect to the nature, content or amount of any discount or incentive established pursuant to any program.

F. You May Use Local Advertising Materials We Supply. From time to time, we may supply samples of local advertisements we approve. You can use the advertising materials contained in the Wellness Center Rules, and may not, without our prior written consent, place any advertisement, in any media, which materially varies from the form and content of the approved advertisements.

G. Approval of Your Advertising through Website and E-Commerce. You specifically acknowledge and agree that any Web Site and social media will be deemed “advertising” under this Agreement and will be subject to (among other things) our approval. In connection to Web Sites and social media, you agree to the following:

You will exclusively use the wellness center pages allocated to you as a part of the www.arcticelevation.com Patient site.

We will allow you to submit suggestions to modify the web pages assigned to you as part of our Web Site and we may require you to provide information to create and update those pages.

You will not modify or use the Web Site or social media for any purpose other than your Arctic business without our prior written approval.

In addition to any other applicable requirements, you will comply with our standards and specifications for web sites as prescribed by us from time to time in the Wellness Center Rules or otherwise in writing or on a franchisee forum intranet system. Currently, these standards and specifications include:

You will use your formal legal name followed by “an independent franchisee of Arctic Franchising LLC” on your web pages and social media. You may not identify your business with a geographic location, other than one we may have assigned you.

If you propose any material revision to the Web Site or any of the information contained in the Web Site, you will submit the revision to us for our prior written approval.

You will not establish a Web Site or social media independent of our Web Sites and social media without prior written authorization. Our standards and specifications as we outline them in the Wellness Center Rules will apply and your continued use of any independent web site or social media will be at our sole discretion.

You may only offer approved products or services

Upon expiration or termination of this Agreement, you will turn ownership and control over to us of any Web Site and social media we had approved for you to use, regardless of the reason for the expiration or termination.

We retain the sole right to market on the Internet, including all use of our Web Sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Service Marks on the Internet, including on Web Sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking to or from, or other use of our Web Site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent. We intend that any franchisee Web Site be accessed only through our home page.

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 previously approved by us.

H. Trademark and Copyright Notices. You will use the Service Marks in strict conformity to the Wellness Center Rules and will include in any advertisement, or promotional materials that use the Service Marks, appropriate trademark notices as may be required by the Wellness Center Rules. All copyrighted materials we supply to you or are otherwise used by you in connection with the Franchise will contain copyright notices as required by the Wellness Center Rules.

3.5 You Will Pay Taxes and Indebtedness. You will pay all taxes, assessments, liens, encumbrances, accounts, and other debts, regardless of their nature, assessed against you, the Franchise Premises, or inventory, materials, fixtures, and equipment used in your Franchise. Payment will be made when due and before delinquent except when being contested in good faith by appropriate proceedings. If we are charged with any tax by the authorized taxing authority of any state or political subdivision, including taxes on sales made to or licenses granted to you, or sales made by you at the Franchise Premises, you will pay those taxes and otherwise agree to allow us to deduct any amounts we paid from your bank accounts.

3.6 Sums to Be Paid Promptly. You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement on any check or payment of any sum less than the full sum due from you to us will be construed as an acknowledgment of payment in full or as an accord and satisfaction. We will have the right to accept any check or payment without prejudice to our rights to recover the balance due or to pursue any other remedy available to us. Nothing contained in this Agreement obligates us to accept any payments after due or to commit to extend credit to or otherwise finance your operation of the Franchise.

3.7 Records. You will keep a complete and accurate set of books and records of the operation of your Franchise, produce monthly financial statements in accordance with generally accepted accounting principles and practices for each calendar month and upon our request, furnish copies of these statements to us within 30 days after the end of each calendar year quarter.

You will furnish to us, upon our request, as outlined in the Wellness Center Rules, itemized reports of your business activities. This report must be certified by you to be true and correct. The report will be in the form and will include such supporting documentation as we may reasonably demand from time to time.

You will keep records of all business done and revenue received through your Franchise. You will date, file in consecutive order, retain for a period of six years, and make available to us for inspection and audit of all your records.

You will submit to us, upon our request, a list of all shareholders, members, partners or other owners of your Franchise business and the respective interests held by each as of the end of each fiscal year. The required report will be submitted to us within ninety days after the end of your fiscal year.

3.8 Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than 2 percent or unless you fail to deliver any required report of Gross Weekly Revenue or any required financial statement in a timely manner or fail to allow us access to your computers, accounting system and bank accounts as required by the Operations Manual, or your

records are unorganized or unavailable. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Advertising Fees, Local Advertising Contributions and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law.

3.9 You are to Pay all Franchise Costs. All the costs of the Franchise, including opening and operating costs, will be your sole obligation. We will have no costs, liability or expense whatsoever with respect to your opening and operation of your Franchise. You will not use or employ the Service Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them. You will pay promptly when due all indebtedness you incur in connection with the Arctic System and in your dealings with Patients and our other franchisees. However, you may not use any of your franchise accounts to enter into a transaction that calls into disrepute The Arctic System or otherwise adversely impacts our business and goodwill.

3.10 Attendance at Conventions. We may hold conventions for the Providers and their staff members that make up the Arctic System. You should attend these conventions and any regional conventions for the region where you are located. These conventions may be held at a different location each time. They may include programs on sales and marketing techniques, advertising programs, training suggestions, and committee elections, among other things. Your attendance at each convention is required. You will bear all expenses of attending, including travel, lodging, meals and entertainment.

4. **TRAINING**

4.1 Mandatory Initial Training. Depending upon your experience and our assessment of your needs, we may determine it necessary for you to take and pass a training course for you or your Franchise manager at a location we designate. If we determine it is needed, this training course might cover some or all aspects of the operation of the Franchise, including financial controls, marketing techniques, service methods, deployment of labor, and maintenance of quality standards. This training will take place at our headquarters or another location we choose. We may require that you or your Franchise manager complete a course before opening the Franchise for business.

You will pay the transportation, lodging and food related expenses you and your employees incur related to this training.

4.2 Training of Managers. If any persons other than you manage the Franchise, then you will notify us of these managers. Each manager you hire must be a fully trained and licensed provider and we may determine it necessary that the manager successfully complete a training program within one month after being hired or otherwise satisfy us of sufficient experience and knowledge to necessitate less or no additional training. You will bear all costs of this training, including a reasonable training fee at our then current rates.

4.3 Training Required to Participate in Day-to-Day Operations.

Individuals:

If you will be operating your Franchise as an individual, you must devote your full time and best efforts to the day-to-day operation of your Franchise with no operational or management commitments in other businesses except other Franchises offered by us. With our prior written approval, that may be withheld in our sole and absolute discretion, we may allow you to temporarily use a fully trained general manager who runs your day-to-day operations. We may, but are not obligated to, determine it appropriate for you to continue to operate other businesses, (if any), in which you are engaged as of the date of this Agreement that are family owned. If you continue to operate other businesses, you must employ separate personnel for the businesses, market services under one or more trading designations separate from the Service Marks, maintain separate offices and patient reception space and have the personnel related to such other businesses wear apparel that does not feature any of the Service Marks.

Partnerships:

If you will be operating your franchised business as a partnership, we will approve of one or more partners who are or approved medical practitioners who must participate in the actual day-to-day operation of your franchised business. With our prior written approval, which may be withheld in our sole and absolute discretion, we may allow you to temporarily use a general manager who runs your day-to-day operations. The partner or partners who are in charge of running your franchised business and your manager, if allowed, must have successfully completed any training we might require.

Corporations, Limited Liability Companies:

If you will be operating your franchised business as a corporation, limited liability company or other legal entity, you must have in your employ a general manager who is an approved medical practitioner whom we have approved to be on site at all times to participate in the actual day-to-day operation of your franchised business. This general manager can be you, any member of your board, an officer of your corporation or member of your limited liability company approved by us. With our prior written approval, which may be withheld in our sole and absolute discretion, we may allow you to temporarily use a substitute general manager to run your day-to-day operations. The general manager who is in charge of running your Franchise must have successfully completed any training we might require.

Managers/Training:

In all situations there must either be a franchisee or general manager on site in charge of running the day-to-day operation of each franchise you own. All general managers must pass the back ground checks required of franchisees and be approved by us. No matter what form of business you decide to use, the person assigned to running the day-to-day operations of the Franchise must be a fully trained and licensed provider and must have completed any training we might require or otherwise demonstrated the necessary experience and knowledge.

4.4 **Optional Supplemental Training.** At our option and upon not less than 35 days' prior written notice, you may receive 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 may consist of visits to our franchises, office 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.

4.5 Mandatory Supplemental Training.

From time to time, we may 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 may be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, including the first year, you or the designated managers of your Franchise will be required to attend up to **40** hours of business training programs and seminars, depending upon program and seminar availability. Conventions, regional conventions, local training classes, and seminars can all apply towards this requirement.

5. COMMENCEMENT OF OPERATIONS

5.1 Time to Complete Training and Commence Operation. You will immediately proceed with your best efforts, skills and diligence to open and begin commercial operation of your Franchise. You or your manager will complete to our exclusive satisfaction the mandatory training defined above and commence full and continuous operation of your Franchise within **120** days after execution of this Agreement. Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a period of time that is reasonable under the circumstances.

If this commencement of operation obligation is not fulfilled, we may terminate this Agreement.

5.2 You Are to Obtain Permits and Licenses. Prior to commencing business operations, you will obtain all local permits, licenses, improvements, and business forms necessary to operate the Franchise.

5.3 Lease. Unless otherwise agreed in writing, any lease you enter into will provide that you may assign that lease to us without penalty or charge. The lease will further provide that upon termination or expiration of this Agreement, we will have an option, exercisable within **30** days after termination or expiration, to be substituted for you in all respects under the lease and to sublease the premises to another franchisee. You will deliver to us a true copy of the lease and any additions or amendments to it promptly after they are executed.

If you own the premises used for the operation of the Franchise, you will not mortgage, pledge, or otherwise assign as security the premises during the term of this Agreement without our prior written approval. Upon termination or expiration of this Agreement, you will give us a reasonable and good faith opportunity to lease the premises and to continue business operations there. The fair value of and fair terms for the lease and for all related equipment, fixtures, signs, equipment leases and personal property will be determined in the county in which our headquarters is then located (currently King County, Washington) by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the lease and fair terms for the transaction. The appraisers must exclude from their decision any amount or factor for the "goodwill" or "going concern" value. The decision

of the majority of the appraisers will be conclusive. At any time within **30** days after receiving the appraisers' decision, at our option, we may enter into the lease at the price and upon the terms determined by the appraisers.

Any lease or sublease of the Franchise Premises will contain substantially the following provisions (see the Franchise Premises Lease Rider attached in Schedule 3):

- A. Anything contained in this lease to the contrary notwithstanding, lessor agrees that without lessor's consent, this lease and your right, title and interest, may be assigned by you to us, without cost or penalty. We may to be substituted for you in all respects under the lease and may sublease the premises to another franchisee or operate the location ourselves or through an affiliated company of ours.
- B. You agree that lessor may, upon our written request disclose to us, all reports, information or data in lessor's possession respecting sales made in, upon or from the leased premises and your business operations, payment of the lease amounts to the landlord, and any information relating to taxes which have been or have not been paid, or any other information which the landlord may have regarding the Franchise Studio which we may request.
- C. Lessor will give written notice to us (concurrently with the giving of notice to you) of any breach by you under the lease. We will have the right (but not obligation), in our sole discretion, to cure any breach at your expense within **15** business days after the expiration of the period in which you had to cure the default. Notice will be sent to the address we may, from time to time, specify in writing to lessor.
- D. A provision reserving to us the right, at our election, to receive an assignment of the leasehold interest, or to take over the lease hold interest without your consent, upon termination or expiration of this Agreement.
- E. Evidence of your right to display the Service Marks in accordance with the specifications required by the Wellness Center Rules, subject only to the provisions of applicable law.
- F. The premises will be used only for the operation of an Arctic franchise.
- G. You will not extend, renew or cancel the lease without our prior written consent, which consent will not be unreasonably withheld.

If we cure any breach by you under the lease or sublease, the total amount of all costs and payments we incur in effecting the cure will be immediately due and owing by you to us.

Assumption of Lease: We will have 45 days from the date of expiration or termination of this Agreement, to exercise our right and option to take and assume the lease for the Premises. If we exercise our right, we will notify you and the landlord within the option period. In such event, you agree to bring all obligations under the lease current as of the date of possession by us as well as to indemnify us against all losses and costs arising by virtue of, attributable to, or in any way related to the period of your possession of the Premises. All taxes, utilities and rentals will be prorated between us and you as of the date of our possession. We will not be obligated to pay your arrearages. After the date of possession, we agree to indemnify you against all lease obligations solely attributable to the period of our possession of the Premises. You agree that no

compensation for the lease is payable by us to you unless the Premises are owned by you. The lease will be transferred to us without the payment of any kind to you by us for the lease other than the indemnification provided above.

6. FRANCHISE STANDARDS OF OPERATION

6.1 Wellness Center Rules, Wellness Center Rules, Supplies, Plans Specifications, and Public Relations. Any developments we will make for the benefit of the Arctic System and our Providers are essential to your operation of the Franchise. The continuous development of the Arctic System is an important and beneficial aspect of the relationship you want to have with us. We agree to lend to you a copy of the Wellness Center Rules. The Wellness Center Rules describes the Arctic System, including the Wellness Center Rules and specifications, standards, operating procedures, accounting and bookkeeping methods, marketing, requirements and control techniques, plans and specifications, fixture and decor requirements, co-branding requirements, public relations suggestions and other rules that we may prescribe from time to time. These may include programs and provisions related to employee leasing, settlement of payment disputes (with or without notice to and input from franchisees), referral generation and servicing, Patients who are uninsured, pro bono work, etc.

The Wellness Center Rules is and will remain confidential and our exclusive property. You will not disclose, copy or duplicate any part of the Wellness Center Rules for any reason without our prior written authorization. The Wellness Center Rules, in part, may consist of the following confidential information:

- (i) manual or manuals;
- (ii) any Intranet or password protected portion of an Internet site;
- (iii) any other embodiment of the Methods of Operation, including notices of new standards and techniques; and
- (iv) any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.

The Wellness Center Rules sets out minimum requirements for supplies, stationery, business forms, advertising, office layout, plans and specifications, materials, fixtures and signs, among other things. From time to time, we may amend the Wellness Center Rules, including changes that may affect minimum requirements for your Franchise operations. You will adhere to the requirements of the Wellness Center Rules as we amend it from time to time. You will implement promptly all changes at your cost, unless we otherwise specify. We reasonably may restrict you from producing, stocking, and selling certain goods and services as specified in the Wellness Center Rules.

Nothing in the Wellness Center Rules is intended to address or compromise patient treatment which is at the complete discretion of the treating doctor. We do not govern or monitor how you treat patients and you have complete control and autonomy over patient care, so long as you are not found to be over-treating patients or unethically maximizing profits. The Arctic System is based on the concept that long term success is based upon the ethically appropriate care of patients.

Any products and goods sold, licensed, or leased by or through us to you will be sold, licensed, or leased in accordance with the terms expressly set forth in the Wellness Center Rules or as

otherwise provided for in writing by us or the manufacturer of the products and goods. **EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR GOODS EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR LICENSE FEE PAID BY YOU FOR THE PRODUCTS OR GOODS. IN NO EVENT WILL WE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR PATIENTS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR GOODS FOR ANY PURPOSE WHATSOEVER, EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.**

We will not be liable to you if we are unable to deliver services, equipment, inventory or supply items to you because of any loss, damage, or delay caused by strikes, riots, fire, insurrection, war, elements, embargoes, failure of carriers, inability to obtain transportation facilities, forces majeure, acts of God or of the public enemy, or any other cause beyond our control.

You may be required to purchase products, supplies and materials required for the operation of your Franchise from manufacturers, suppliers or distributors approved by us. All specifications that we require of you and lists of approved suppliers may be included in the Wellness Center Rules. We will use our best judgment to set and modify specifications in order to maintain the integrity and quality of the Arctic franchise system.

You must sell, offer for sale, distribute or deliver only services and products that meet the specifications and standards of quality and quantity in the Wellness Center Rules. You must sell or offer to sell all approved items and services. You must refrain from deviating from our standards and specifications and must discontinue selling or offering for sale any items or services as we may, in our discretion, disapprove in writing at any time.

Pursuant to the Arctic System, we will:

1. Use commercially reasonable efforts to enforce the Wellness Center Rules.
2. Assist you to maintain proper administrative, accounting, and inventory controls to support the Arctic System.
3. Conduct or facilitate ongoing research and development of new training programs, procedures, products, techniques, and other enhancements to the Arctic System.

The Wellness Center Rules may be delivered to you by hard paper copy, computer diskette, CD-ROM, via an Intranet or other downloading mechanism to your computer or via another medium chosen at our discretion.

6.2 Standards to Be Maintained. You will follow the Arctic System and maintain standards of service that we prescribe.

A. You will operate your Franchise in a clean, orderly, and respectable manner in compliance with this Agreement, the Wellness Center Rules and the Wellness Center Rules. The Franchise Premises will be used only as an Arctic wellness center. You will only use signs, fixtures, equipment, materials, products, decor, plans and services that conform to our specifications to conduct the Franchise. Among other things, you will:

1. Ensure that at all times your employees are under your direct, on location supervision. Secure and submit within 7 days to us a Confidentiality Agreement, in the form we designate, signed by all new employees you hire.
2. Maintain the accuracy of the Arctic directory system to provide up-to-date information on your Patients.
3. Ensure that all of your employees are adequately trained in the use of the Arctic System and remain competent, conscientious, licensed, and qualified to render services to your assigned Patients.
4. Work with all Patients regardless of the Provider to whom they are assigned in a professional, courteous and responsible manner, and not engage in any behavior nor make any representations we reasonably determine to reflect negatively on us or our goodwill or the goodwill associated with the Arctic Marks in any way. Aggressive, inappropriate, abusive, or discriminatory language, emails, or actions directed at any Patient, your or our employees, Providers or Provider employees, or any other person may lead to disciplinary actions up to and including termination of your Franchise with or without opportunity to cure.
5. Provide information to us in the format we request and in a timely manner. All information provided must be, to the best of your knowledge, complete, trustworthy and accurate.
6. Strictly comply with the Wellness Center Rules.
7. Not disclose or provide access to any non-publicly available information from the Arctic System or learned from us concerning any Patient or Provider, to any individual or entity who competes with us or whose interests are averse to us.
8. Treat all Patients in compliance with applicable state and federal laws, this Agreement, and our Wellness Center Rules.
9. Comply with and enforce the Privacy Policy published at www.arcticelevation.com (and as updated).
10. Maintain your, and our, business reputation by prompt payment of all bills, debts, expenses and charges arising from your operations under this Agreement and prompt payment of all taxes, licenses and permits required by any governmental unit. You are responsible for all your own expenses and costs of doing business.

11. *Customer Dispute Resolution:* You acknowledge that customer satisfaction is essential to your success as well as the reputation and success of the Arctic System and out other franchisees. Accordingly, you agree to: (i) use your best efforts to ensure the satisfaction of each of your customers; (ii) use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; (iii) respond to customer complaints in a courteous, prompt, and professional manner; (iv) use your best efforts to promptly and fairly resolve 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 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 obligated 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 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.

You understand and acknowledge that the failure to comply with and uphold these provisions can lead to disciplinary actions up to and including termination of this Agreement.

B. You will maintain signs approved by us on the Franchise Premises. These signs must comply with local sign ordinances, regulations, and bylaws. The signs will describe the premises only as an Arctic wellness center franchise, as applicable.

C. We may enter upon the Franchise Premises at reasonable times to verify your compliance with the terms of this Agreement. To do so, we may:

1. Inspect the Franchise Premises;
2. Observe your operation of the Franchise for any consecutive or intermittent periods we deem necessary;
3. Interview your personnel and patients; and
4. Inspect and copy any books, records and documents related to the operation of the Franchise and any other Franchise information we may require.

You and anyone acting as your agent will cooperate fully with us and our agents in connection with these inspections, observations and interviews.

D. You will comply with all applicable ordinances, regulations, bylaws, laws and statutes. You will not permit unlawful activities on the Franchise Premises and will not sell, exchange, offer, hold, show, rent, or permit to be sold, exchanged, offered, held, shown, or rented

any material or service you know or reasonably suspect to have been obtained in violation of law or to be otherwise illegal.

You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchise and will operate the Franchise in full compliance with all applicable ordinances and regulations, including without limitation, all government laws and regulations relating to occupational hazards and health, EEOC laws, Americans with Disabilities Act, copyright laws protecting owners of artistic works, consumer protection, trade regulations, workers compensation, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes and sales, use and property taxes.

E. You will not sell or dispense any products or services or activities other than those we specifically recognize and approve in writing.

F. We may employ professional shopping services to monitor your compliance with this Agreement without prior notice to you.

G. You, at your expense, will maintain the interior and exterior of the Franchise Premises and equipment and furnishings in good repair, attractive appearance and sound operating condition in compliance with the Wellness Center Rules. At our request, you will make necessary repairs to the Franchise Premises in order to maintain uniform appearance and to protect the reputation of the Service Marks. You will commence all repairs and changes within a reasonable time after notice from us, and you will proceed with due diligence until completion.

If you do not maintain the Franchise Premises as required, after notice to you, we may, at our option, make the necessary maintenance and repairs and charge the cost to you, to be deducted from your Reconciliation immediately following our payment of those costs. If we make or direct the making of repairs, we will not incur any liability to you, including but not limited to, liability for interruption of your business during the course of making the maintenance and repairs.

H. You will keep your Franchise open Monday through Friday during normal business hours, except holidays we designate, during the hours specified or approved in writing by us or required by the lease of the Franchise Premises. We may change these requirements from time to time as designated in the Wellness Center Rules.

I. At all times you will ensure that your copy of the Wellness Center Rules and any other manuals given to you are kept current and up to date. In the event of any dispute as to the contents of the Wellness Center Rules, the terms of our master copies maintained at our principal place of business will be controlling.

J. At our option, if we use our personnel or other resources to respond to or attempt to resolve any complaint by any Patient (based on your failure to live up to your contractual obligations or enforceable promises, which complaints we find in the exercise of our good faith judgment to be reasonable), then you will be responsible for our costs and expenses at the rates outlined in the Wellness Center Rules. All of these costs will be deducted from your bank accounts or will be payable upon our written demand, as we elect.

6.3 Service Marks, Wellness Center Rules, and Arctic System Are Our Exclusive Property. You agree that the Service Marks, Wellness Center Rules, and Arctic System are our sole and exclusive property. Except for the Franchise granted to you by this Agreement, nothing in this Agreement or any other agreement will give you or others any right, title, or interest

whatsoever in or to the Service Marks, Wellness Center Rules, or Arctic System. Your license to use the Service Marks is non-exclusive. We, in our sole discretion, may operate under the Service Marks and may grant licenses to others to use the Service Marks on any terms and conditions we deem appropriate. We will make reasonable efforts to protect your rights to use the Service Marks. In those states and nations where applicable, you agree to execute on request all documents necessary to record you as a registered user of the Service Marks. You will not use the Service Marks as part of any electronic mail address or in any electronic mail message except in accordance with the Wellness Center Rules and only for purposes of the Franchise. You will not use the names Arctic or Arctic or other Service Marks as any part of the name of your corporation, limited liability company, or other business organization of any kind or for any similar purpose.

You will immediately notify us of any infringement of, or challenge to, your use of the Service Marks. We will have sole discretion to take or not to take action, as we deem appropriate. If we undertake the defense or prosecution of any litigation involving you or any litigation involving the Service Marks or the Arctic System, you agree to execute any and all documents and to undertake any and all actions, which in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect.

You will modify or discontinue use of any Franchise names or Service Marks, or will use one or more substitute names or marks, if we so direct in writing at any time. Our sole obligation in this event will be to reimburse you for your tangible costs in complying with our direction (i.e., cost of changing signs, stationery, etc.). Under no circumstances will we be liable to you for any other damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Service Marks will apply with equal force to any modified or substituted names or marks.

You will not contest, directly or indirectly: our ownership, title, right, or interest in the Service Marks, the Wellness Center Rules, or the Arctic System; or our exclusive right to register, use, or license others to use the Service Marks, Wellness Center Rules, and Arctic System. You will not advertise or use the Service Marks without following our then current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate © or ® copyright and registration marks or the designations TM or SM, where applicable.

Any and all goodwill associated with the Service Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. You appoint us as your agent and attorney-in-fact to amend or cancel any Registered User or Business Name filings obtained by you or on your behalf that involve or pertain to the Service Marks.

You will not use the Service Marks on products or services that come from any source other than us or sources we approve in writing except for products you prepare or produce pursuant to the Wellness Center Rules and the Arctic System.

From time to time there may be controversy about this Agreement, its interpretation, or performance or breach by the parties. You recognize the unique value and secondary meaning attached to the Arctic System, the Service Marks and our standards of operation and trade practices. You agree that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Arctic System or the Service Marks will cause irreparable damage to our franchisees and us. You agree that if you engage in any unauthorized or improper

use, during or after the period of this Agreement, we will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law.

You and we will use commercially reasonable efforts to continuously improve the products, processes and services used in the Arctic System and to develop new products, processes and services for use as part of the Arctic System. All the improvements, inventions and developments you make, develop or create for use in the Arctic System will be our property and we alone will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

6.4 You Will Not Use Names or Marks in Combination. Except as provided in this Agreement, you will not use or give others permission to use the Service Marks, or any colorable imitation of them, combined with any other words or phrases. You and your owners, officers, and agents will not form or participate in the formation of any company, firm, corporation or other entity having a name containing the words of the Service Marks. You may not combine or associate any name or symbol of the Service Marks with any other name or word in any advertising or sign. The Service Marks must be used in exact conformity with specifications we set in the Wellness Center Rules.

6.5 Service Marks, Wellness Center Rules, and Arctic System May Be Changed. You acknowledge that the Service Marks, Wellness Center Rules and Arctic System, including any future amendments or modifications to them, have substantial value, and that the conditions, restrictions, covenants not to compete, and other limitations imposed by this Agreement are necessary, equitable, and reasonable for the general benefit of you, us, and others enjoying any lawful economic interest in the Service Marks, Wellness Center Rules, and Arctic System.

We may change or modify any part of the Service Marks, Wellness Center Rules, or Arctic System from time to time at our sole discretion. You will accept, use, and protect, for the purposes of this Agreement, all changes and modifications as if they were a part of the Service Marks, Wellness Center Rules, and Arctic System at the time this Agreement is executed. You will bear all costs and expenses that may be reasonably necessary as a result of such 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.

Complete and detailed uniformity of the Service Marks, Wellness Center Rules, and Arctic System under the varying conditions to be experienced by our franchisees may not be possible or practicable. Therefore, we reserve the right, at our discretion, to accommodate your special needs, or those of any other of our franchisees. These needs may result from the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local patients, landlord requirements, or any other condition which we deem to be important to the successful operation of the franchisee's business. From time to time, we may allow certain franchisees to depart from normal system standards and routines to experiment with or test new products, equipment, designs and procedures. In no event will any variance or testing be deemed a waiver of any of our rights, or an excuse for you to not perform any of your duties under this Agreement. We may require you at any time to commence full compliance with the Wellness Center Rules and the Arctic System. We will not be required to grant any variance to you under any circumstances.

6.6 Non-Disclosure of Confidential Information. You acknowledge that you will receive valuable Confidential Information, including information regarding our operational, sales,

promotional and marketing methods and techniques, operating procedures, processes, practices, lists of suppliers, customer and Patient lists and transaction records, manuals, marketing and sales techniques and strategies, and the Arctic System. You specifically acknowledge that our Confidential Information is proprietary to us, and remains our sole exclusive property. You further acknowledge that our Confidential Information is unique and novel to us. You will return all materials such as operations manuals and all other material you receive from us to us upon expiration or termination of this Agreement. You also acknowledge your responsibility to us for any misuse or publication of the Confidential Information by any of your employees. You agree not to copy, download to Internet, intranet, modem, fax, e-mail, mail, divulge, or send any Confidential Information directly or indirectly to any other person or enterprise outside of the Arctic System. During the term of this Agreement and after it expires or is terminated, you will never communicate, fax, e-mail, post on an Internet electronic bulletin board, divulge or use in any other manner, either for your benefit or the benefit of any other person, persons, partnerships, associations, companies or corporations any Confidential Information.

You agree to not communicate or divulge the contents of our Wellness Center Rules or any other information related to the Arctic System or to the operation of the Franchise or the Arctic System to any person or entity except to your manager or other employees as we authorize in writing. You may never use the Wellness Center Rules other than in the course of your performance under this Agreement, subject to the provisions and duration of this Agreement. You agree to fully and strictly adhere to all security procedures we prescribe for maintaining the confidentiality of the information. You agree to disclose information to your employees only to the extent necessary to conduct Franchise business.

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. You will ensure that all of your employees execute an approved confidentiality, non-disclosure, and non-competition agreement. You must follow our security procedures, which may include the execution of approved Intranet and Internet usage agreements. You will be responsible to enforce compliance with this Agreement by your employees. We may also enforce the nondisclosure agreement against your managers or employees, at our option. If you become aware of any actual or threatened violations by any of your employees or 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 instituting 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 you and us at your expense. You will also require any third party to whom you disclose any of our Confidential Information, including but not limited to consultants, distributors, and agents, to execute an approved confidentiality, nondisclosure and non-competition agreement.

This section contains prohibitions based upon an understanding that you, your key employees, your officers, your partners, your employees, members and stockholders (as applicable) will possess knowledge of business and operating methods and confidential or proprietary information, disclosure of which would prejudice our interests and our other franchisees.

If you develop any new concept, product, process or improvement in the Arctic System, you agree to promptly notify us and provide us with all necessary related information, without compensation. You assign to us all such concepts, processes or improvements and acknowledge that all such concepts, processes or improvements will become our property, and we may use or disclose such concepts, processes or improvements to Franchisees, Patients, and Providers as we may determine to be appropriate.

6.7 Covenants against Competition and Solicitation. You will diligently, faithfully, and honestly perform your obligations pursuant to this Agreement. You will use your best efforts to develop, promote and enhance your Franchise. You will not engage in any activity or business enterprise that conflicts with or impairs these obligations.

During the term of this Agreement neither you nor your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, or agents, nor the members of your or their immediate families or households (who have access to or knowledge of the Wellness Center Rules or Arctic System), will directly or indirectly participate as an owner, shareholder, member, partner, director, officer, employee, consultant, franchisor, franchisee, distributor, lessor, lessee, lender, creditor, advisor or agent, or serve in any other capacity in any business (including any business in formation) engaged or to be engaged in the sale or rental at wholesale or retail or on the Internet of wellness center medical goods or services or any form of products or services or 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. We may waive this covenant only in a writing signed by our Chief Executive Officer. During all of these periods, you agree to promptly and fully disclose to our Chief Executive Officer any business opportunity coming to your attention, or conceived or developed in whole or in part by you, which relates to our Arctic business.

Except for Franchises operating from their original location, for **720** days after termination, expiration or transfer of this Agreement and within **5** miles of your Franchise Premises and within **2** miles of any other Arctic wellness center:

1. You will not treat any wellness center patient or perform any wellness related services or provide any wellness related processes or procedures.
2. 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, lessor, lessee, lender, creditor, 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 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.
3. You will not undertake or attempt to solicit or otherwise agree privately with patients other than through the Arctic System or otherwise attempt to circumvent the Arctic System.

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 expiration or termination of this Agreement do not:

divert or directly or indirectly attempt to divert any of our business or any Patient or Provider to any competing establishment; or

undertake or attempt to solicit or otherwise agree privately with Patients or Providers to provide consultation or support related to any healthcare goods or services or any form of products or services or 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, other than through the Arctic System, or otherwise attempt to circumvent the Arctic System.

Tolling of Covenants: If you or your owners, directors, officers, partners, shareholders, members, employees, consultants, or agents compete during the specified time limits for non-competition, the non-compete time periods will be extended for the period of the prohibited competition plus an additional **6** months.

Non-Contravention; Non-Disparagement: You will 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 will 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.

You and we stipulate that, in light of all of 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 Washington law or other applicable law.

You acknowledge that we will suffer immediate and irreparable harm that will not be compensable by damages alone if you repudiate or breach any of the provisions of this section and the section entitled “Nondisclosure of Confidential Information” above, or threaten or attempt to do so. For this reason, under these circumstances, we, in addition to and without limitation of any other rights, remedies or damages available to us at law or in equity, will be entitled to obtain temporary, preliminary and permanent injunctions in order to prevent or restrain the breach, and we will not be required to post a bond as a condition for the granting of this relief. You also agree that a violation of any of these sections would entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including, without limitation, wages, salary, and profits, which will be held by you in constructive trust for us, received by you in connection with such violation.

You specifically acknowledge the receipt of adequate consideration for the covenants contained in this section and the sections entitled “Nondisclosure of Confidential Information” above and that we are entitled to require you to comply with these sections. These sections will survive termination or expiration of this Agreement. You represent that if this Agreement expires or is terminated, whether voluntarily or involuntarily, you have experience and capabilities sufficient to enable you to find employment or otherwise earn a livelihood in areas which do not violate this Agreement and that our enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

The provisions relating to interests in any other business will not apply to your ownership of outstanding securities of any corporation whose securities are publicly held and traded. Provided that you hold these securities for investment purposes only and that your total holdings do not constitute more than five percent of the outstanding securities of the corporation.

You will assure that all of your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, and agents execute a confidentiality, nondisclosure, and non-competition agreement in a form approved by us.

If you continue to operate your franchise business, or any business offering similar products and services, after transfer, repurchase, termination, or expiration of this Agreement, or non-renewal, using any of the Service Marks or any aspect of the Arctic System, our remedies will include, recovery of the greater of (a) all profits you earn in the operation of your business or similar business after such transfer, repurchase, termination or expiration; or (b) all royalties, marketing contributions and other amounts which would have been due if such transfer, repurchase, termination, or expiration had not occurred.

6.8 Computer Systems. You will obtain computer equipment compatible with our computer technology. You will use it to integrate Patients' accounts by using the accounting system software and procedures provided and established by us. You will communicate with us and with other Providers and Patients within the Arctic System using our established communication guidelines and forms.

A. You are granted a non-exclusive license to use our software programs and related procedures during the term of this Agreement. This license expires when this Agreement terminates. All software programs and related procedures remain our property. To the extent that the software programs and related procedures constitute Confidential Information, they are subject to the section entitled "Nondisclosure of Confidential Information" above.

B. You will not use or attempt to use the procedures or software for any purpose or party other than those associated with us, the Arctic System and your Franchise, or in any manner inconsistent with this Agreement.

C. You will execute and be bound by all software licenses we require. We, in our sole discretion, may charge a license fee for some or all of the licenses we grant. A list of all licenses and any license fees in connection therewith is found in the Wellness Center Rules.

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 do not guarantee that information or communication systems that others or we 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.

6.9 Working Capital Requirements. At all times during the term of this Agreement, you will maintain and employ as much working capital as may be required to enable you to properly and fully perform all your duties, obligations, and responsibilities.

6.10 Employees. You are exclusively responsible to train and make sure your employees and independent contractors meet the standards, specifications and procedures outlined in the Wellness Center Rules. You will hire only efficient, competent, sober and courteous employees for the conduct of the franchise business and will pay their wages, commissions, piece work and any other compensation justly due with no liability on our part.

- 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. You must comply with all such laws and pay your employees properly. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits.
- 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. If you decide to share employees or independent contractors with other franchisees, then you will indemnify and hold legally harmless us (and our affiliates, officers, directors, employees and agents) from any claims, losses, attorney fees and damages resulting from such activities. You acknowledge that this provision does not constitute an endorsement to share employees with other franchisees.
- F. You are responsible to train and to make sure your employees and independent contractors meet the standards, specifications and recommendations outlined in the Wellness Center Rules, including those related to appearance, patient service, background checks, and drug testing (as applicable). You are required to hire and maintain sufficient staff in order to handle patient volume at all times. You will assure that your employees and independent contractors present a neat and clean appearance and render friendly, efficient, sober and courteous service to your patients.

- G. At all times, you must have on duty at least one employee or independent contractor whose duties include patient service with sufficient literacy and fluency in the English and Spanish languages.
- H. You may not hire any employee or independent contractor who has been found guilty of any charges of fiduciary misconduct, any form of unlawful sexual conduct, any felony of any kind, or any similar charges that reflect negatively on the person's moral turpitude and character.

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)

6.11 Terms of Product Sales.

A. To receive equipment, furnishings, goods, materials, or products from us, you must deliver to us a purchase order that specifies them. All orders you submit are subject to acceptance at our corporate headquarters. We reserve the right to reject any order that is not credit approved or does not conform to the provisions of this Agreement. All orders accepted for delivery will be governed exclusively by the terms and conditions of this Agreement. Unless we agree in writing, no additional or different terms and conditions appearing on the face or reverse side of any order you issue will become part of that order. Our acknowledgment of your purchase order will not be acceptance of any additional or different terms and conditions.

B. Shipments are subject to availability. Upon notice to you, we may schedule and reschedule any order, at our discretion. We may decline any order for credit reasons or because the order specifies an unreasonably large quantity or makes an unreasonable shipment request.

C. We will use commercially reasonable efforts to meet any scheduled shipment date. However, we will not be liable for delays in meeting a scheduled shipment date for any reason. If products are scarce, we will allocate them equitably, at our discretion, among our franchisees.

D. Unless otherwise agreed, the items will be shipped only to your approved facility and only after receipt of an order from you.

E. We may refuse to ship or delay the shipment of any items on order if you become delinquent in payment of your obligations, exceed established credit lines, fail to meet our other credit or financial requirements or fail to provide financial information when we request. No cancellation, refusal or delay will terminate this Agreement.

F. Delivery to you will be F.O.B. origin upon transfer to a common carrier. You will pay all transportation, insurance, rigging and drayage charges.

G. On delivery to carrier, title will pass to you and you will assume responsibility for promptly advising the carrier and insurer of the loss, for filing a claim and for recovery of any sums owed by them to you. Upon request, we will cooperate with you to establish a claim.

H. You grant to us a security interest in the items and proceeds as security for your obligations under this Agreement. Upon request, you will execute and file all instruments or documents necessary to perfect any security interest. You acknowledge that we may file a copy of this Agreement as a financing statement for that purpose.

I. You will maintain sufficient inventories of products and employ sufficient help to operate your business at a level of capacity and market penetration commensurate with the reasonable demands of the marketplace.

J. You will represent fairly all items you purchase from us.

K. You will comply with all of the obligations and requirements imposed upon you by the manufacturers or distributors of the items.

L. You will use commercially reasonable efforts and good faith to promote, demonstrate and sell the items and your services.

M. You will provide to us forecasts of your projected purchases.

N. You acknowledge that we are not the manufacturer of the items. They are subject to the manufacturer's standard warranty. We disclaim all warranties, including the implied warranties of merchantability and fitness for a particular purpose. No representation, affirmation of fact, or statement regarding capacity or suitability, which is not in this Agreement, will be a warranty by us for any purpose.

O. We will not be liable for any loss or damage claimed to have resulted from the use, operation or performance of the items, whatever the form of action. Our maximum liability to you, whether based upon contract, warranty, tort or otherwise, will not exceed the actual amount you pay to us for the specific item that causes the damages. These limitations of liability will not apply to claims for personal injury caused by our negligence. We will not be liable to you for special, indirect, incidental or consequential damages or from any damages resulting from loss of use, data or profits.

7. RENEWAL, TERMINATION AND STEP-IN RIGHTS

7.1 Renewal of Franchise.

A. If you are not in breach of this Agreement, and if you meet the following conditions, you may renew the Franchise for periods of **5** years under the terms of our Then-Current Franchise Agreement:

1. You give us written notice of your intent to renew at least three months, but no earlier than six months, before the end of the Franchise term established by this Agreement;
2. You execute our Then-Current Franchise Agreement within 30 days after it is delivered to you. If you do not, we may conclude that you do not intend to renew;
3. Your Franchise Premises remains located as designated in this Agreement;
4. You execute a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us;
5. You or your designated manager attends (at your expense) and successfully completes any retraining program we prescribe in writing, in our discretion; and
6. You reimburse us for our reasonable out-of-pocket costs concerning the renewal.

There is no fee for renewal of the Franchise. You will refurbish, remodel, and replace the franchise premises, fixtures, and equipment to conform to the then current Wellness Center Rules and Arctic System. There will be no limitation on the amount that we may require you to spend on refurbishing, remodeling and replacement. You must make all capital expenditures reasonably required to renovate and modernize the franchise premises and its signs and equipment to reflect the design and decor image of Arctic franchises we then are requiring of new or renewing Arctic franchises. These expenditures will be in the amount necessary to make the franchise premises modern and fresh and to resolve wear and tear. If renovation and modernization of the franchise premises is not feasible, you may replace the building or fixtures or relocate to a new site, subject to our prior written approval. Our approval will not be unreasonably withheld, provided that the relocation does not infringe on any other Arctic location.

You acknowledge that Royalty Fee, Billing and Collection Fee, Advertising Fee, Local Advertising Contributions and other fees will be set under the Then-Current Franchise Agreement and may vary materially from the terms of this Agreement.

B. 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. If we refuse to renew, you must continue to perform under this Agreement until its expiration. 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 the parties, which may be acceptable to you. We will not be obligated 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.

The Renewal Franchise Agreement will include personal guarantees and a general release of all claims against us (existing at that time). If you fail to execute such a release, the signing of the Renewal Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement

C. You have no automatic right to continue operation of the Franchise following expiration or termination of this Agreement. If you continue to operate the Franchise 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.

7.2 Termination by You. You may terminate this Agreement if you comply with the terms of this Agreement and if we substantially breach any material provision of this Agreement and fail to cure or reasonably to begin to cure that breach within **30** days after receipt of written notice specifying the breach. Termination will be effective **10** days after you deliver to us written notice of termination for our failure to cure within the allowed period.

7.3 Termination by Us.

A. The following provisions are in addition to all other remedies available to us 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 the operation of the Franchise as ordered by a court of competent 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 may terminate this Agreement and any other related agreements between the parties if you (or your owners, officers or key employees) breach any term or provision of this Agreement and any other franchise and related agreements and do not cure (or reasonably begin to cure and diligently continue to cure) the breach within **30** days after receipt of our written "Notice to Cure." Termination will occur immediately upon delivery to you of our written declaration of termination for failure to cure within the allowed time frame.

B. We may immediately terminate this Agreement and any other franchise and related agreements between the parties without other cause, and without giving you an opportunity to cure, if you (or your owners, officers or key employees):

- (1) Make an assignment for the benefit of creditors, make a formal or informal proposal to creditors to restructure debts because of

insolvency, admit inability to pay obligations as they become due, file a voluntary petition of bankruptcy, do not obtain the dismissal of involuntary bankruptcy proceedings within thirty days of commencement, or are adjudicated bankrupt or insolvent.

- (2) Fail to operate the Franchise continuously and actively for **5** consecutive days or for any shorter period after which it is reasonable under the facts and circumstances to conclude that you do not intend to continue the Franchise or maintain a suitable Franchise premises.
- (3) Fail to comply with any requirement of this Agreement or of any related agreement between the parties within six months after having received the most recent of two or more Notices to Cure deficiencies in performance of the same or any other requirement pursuant to Subsection (A) above, whether or not you had corrected your earlier failures to comply after we delivered notice to you. This includes complaints for material ethics, state licensing authority, or Wellness Center Rules violations we find or have been found to have merit
- (4) Make or have made any material misrepresentation or misstatement on the Franchise application or with respect to ownership of the Franchise.
- (5) Allow the Franchise or Franchise Premises to be seized, taken over, or foreclosed by a creditor, lien-holder, or lessor; let a final judgment against you remain unsatisfied for thirty days (unless a supersedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise that is not discharged by means other than levy within five days of the levy.
- (6) Are convicted of a felony, or are convicted of any criminal misconduct relevant to the operation of the Franchise. You understand and agree that if you or any of your partners, officers, or directors pleads no contest to a felony or has an adverse final judgment entered in a civil action or state board administrative action for fraud, dishonesty, conversion, misrepresentation or any other matter involving moral turpitude or professional malpractice which, in our sole judgment, substantially impairs the goodwill associated with us, the Service Marks or the Arctic System.
- (7) Operate the Franchise in a manner that creates an imminent danger to public health or safety.
- (8) Fail to comply with this Agreement or our Wellness Center Rules or the Wellness Center Rules.
- (9) Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions

or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement.

- (10) You engage or attempt to engage in any act in violation of the Confidential Information requirements and Covenants against Competition and Solicitation expressed in this Agreement.
- (11) Since ethical patient care is key to the long-term success of and patient satisfaction with the Arctic System, we reserve the right to terminate this Agreement if you are disciplined by any regulatory board or state authority for any unethical behavior, even if the punishment is not severe.
- (12) 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.

7.4 Time Frames Subject to Applicable Laws. Because state laws vary, the provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, nonrenewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law.

7.5 You Will Discontinue Use of Service Marks, Wellness Center Rules, and Arctic System on Termination of Agreement. Substantial damages that are difficult to determine at the date of execution of this Agreement will accrue to us if you do not comply with any of the following requirements upon expiration or termination of this Agreement. Upon expiration or termination of this Agreement, you will:

A. Immediately cease using the Service Marks (or any names or marks deceptively similar to them), the Wellness Center Rules and the Arctic System.

You will immediately cease to communicate with all franchise related customers and prospective customers, suppliers, and contractors.

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 Service 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 of your assumed name, fictitious or business name, or equivalent registrations relating to the use of all Service Mark and related assumed names.

B. Return to us all copies of the Wellness Center Rules. Return to us all records, files, instructions, correspondence, and materials in your possession or control related to the Arctic System. However, you do not need to deliver to us your personal and tax records unless they contain Confidential Information. You will give us a complete and accurate summary of your advertisers, patients and prospects, including their names, addresses, telephone numbers and related file records. You will assist us in every way possible to bring about a complete and effective transfer of your Franchise to us or to our designated franchisee.

C. Authorize telephone, Internet, email, electronic network, directory and listing entities to transfer all numbers, addresses, domain names, locators, directories and listings to our designee or us. Notify these entities of the termination of your right to use the Franchise names and Service Marks. You authorize the transfer of your telephone numbers and directory listings and Internet addresses, domain names and locators to our designees or us. You appoint us as your agent and attorney-in-fact to affect the transfer of these telephone numbers, directory listings, domain names and Internet directory listings to us. You agree that we will be treated as the subscriber for the telephone numbers and directory listings. We will have full authority to instruct the applicable telephone, directory and listing companies on the use and disposition of the telephone listings and numbers. You release and indemnify these companies from any damage or loss because they follow our instructions.

If we have authorized you to use the Service Marks in connection with the Internet, social media, any website, or e-mail address, you will at our option cancel or assign to us or our designate all of your right, title and interest in any Internet websites or web pages, e-mail addresses, domain name listings and registrations which contain the Service 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 Premises, and you will authorize and instruct their cancellation or transfer to us, as directed by us. You are not entitled to any compensation from us if we exercise these rights or options. Nothing in this subsection will be deemed to permit you to use the Service Marks in connection with the Internet, except with our prior written consent as provided in this Agreement.

D. Make reasonable modifications to the interior and exterior of any retained premises to reduce your identification as a part of the Arctic System. These modifications will include reasonable alterations to eliminate any possibility of confusion between the Franchise Premises and any other Arctic location. You will advise all patients or prospective patients coming to the Franchise Premises or telephoning you that you are no longer associated with us.

E. Pay to us within seven days all sums you owe. These sums will include all damages, costs and expenses, including reasonable attorney's fees and collection costs, we incur because of your breach. These sums will include all costs and expenses, including reasonable attorney fees, we incur in obtaining injunctive, appellate, or other relief to enforce the provisions of this Agreement.

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 of your personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the franchised business.

F. Abide by all provisions of the restriction upon communication of Confidential Information set forth above and the post-termination Covenant Not to Compete set forth above.

G. Except for Franchises operating from their original location, at our option, you will do some or all of the following if you own the franchise equipment and furnishings, and own the Franchise Premises or are directly leasing it from a third party independent from us or our affiliated companies:

- (1) Remove all Franchise related equipment, furnishings, and inventory from the Franchise Premises;
- (2) Sell the equipment, furnishings, and inventory to us, at fair market value. We will not be liable for payment to you for intangibles, including, without limitation, goodwill;
- (3) Assign to us ownership and control of any Web Site and social media you own or control pertaining to the operation of the Franchise;
- (4) Sell to us your interest in the Franchise, the Franchise Premises and all related equipment, fixtures, signs, real estate leases, equipment leases and personal property. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within five business days after termination of this Agreement. If not, a fair value and fair terms will be determined in Renton, Washington by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers must exclude from their decision any amount or factor for the "goodwill" or "going concern" value of the Franchise. The decision of the majority of the appraisers will be conclusive. Any time within thirty days after receiving the appraisers' decision, at our option, we may purchase the Franchise and your assets at the price and upon the terms determined by the appraisers.

H. Upon termination for any reason, you will return to us all proprietary and confidential materials, including Patient lists and transaction records, codes, signage, advertising and marketing materials, service agreements and other forms, printed files, Patients account information, security codes and the like as described in the Wellness Center Rules. If you fail to return or cease use of any of these items, we may enter your business premises without being guilty of trespass or any other tort to remove and retain the items. You will pay to us, on demand, any expenses we incur in trying to remove or collect the items or in attempting to have you cease use of them.

7.6 Our Step-In Rights. The parties want to prevent any operation or interruption of the Franchise that would cause harm to the Franchise and to the Arctic System and lessen their value. Therefore, you authorize us to step in to operate the Franchise for as long as we reasonably believe necessary and practical. We may do so without waiving any other rights or remedies that we may have. Cause for stepping-in may include our reasonable 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 real property, equipment rent or lease payments, suppliers, or inventory payments; you have failed to pay to us when due any franchise, royalty, advertising, or other fee; you have failed to pay when due any taxes or assessments against the Franchise or property used in the Franchise; you have failed to pay when due any liens or encumbrances placed upon or against your business property; your business activities are having a negative impact upon the value of the Arctic System; or we decide that significant operational problems require us to operate the Franchise for a time. We may exercise our step-in

rights if you are ill or disabled, you, your lender, or the SBA requests our assistance or agrees to our proffered support and supervision, directly or indirectly or through contract agents. If you have a loan for the Franchise that is guaranteed by the Small Business Administration, our right to step-in will be limited to a **60-day** period unless otherwise requested or agreed with the lending bank at that time.

We will pay you the revenue we receive from our operation of the Franchise. We will first pay from that revenue all expenses, debts and liabilities we incur during our operation of the Franchise. This will include our personnel and administrative costs, plus 25 percent to cover our overhead expenses. In addition, we will have the option, but not the obligation, to pay for you any claims owed by you to any creditor or employee of the Franchise. You will reimburse us upon demand or we may withhold from the revenue payments, including interest at applicable legal rates.

At our election, we will either administratively segregate or keep in a separate account all revenue generated by the operation of the Franchise, and use that revenue to pay the expenses of operation during the step-in period. If administratively segregated, the revenue will be deposited in our general operating account and will be commingled with our general operating funds, subject however to our obligation to expend and retain them for you in accordance with the terms of this Section. We will furnish to you monthly financial statements of the revenue and expenditures made from them. Our books and records relating to the step-in will be available for your inspection during our normal business hours, upon reasonable notice, but we reserve the right to limit your inspection to once per month.

We will have no obligation to retain any employee of the Franchise or to honor any contractual employment commitments you previously made. If we elect to retain any employee, employment will be pursuant to a new employment agreement between the employee and us. Employment will commence on the first business day on which we carry on business through the Franchise. You agree to defend, indemnify, and hold us harmless from or against any claim by an employee of yours for unpaid salary, vacation pay, or other benefits.

Upon our exercise of these Step-In Rights, you agree to hold us harmless for all of your acts, omissions, damages, or liabilities.

Our operation of the Franchise will not operate as an assignment to us of any lease or sublease of Franchise property. We will have no responsibility for payment of any rent or other charges owing on any lease for the Franchise property, except as the charges relate to the period of our operation of the Franchise.

You agree to pay our reasonable legal and accounting fees and costs we incur because of our exercise of these Step-In Rights.

8. TRANSFER

8.1 Sale or Assignment.

A. Your rights and obligations under this Agreement are exclusive to you. This Agreement is not assignable by you, and any attempt to assign your rights and obligations under this Agreement will be void. Whether voluntarily or involuntarily, neither you, your owners, partners nor others claiming an interest in the Franchise will sell, transfer, assign, encumber, give, lease, sublease, or allow any other person to conduct business in or through (collectively called "Transfer") the whole or any part of: this Agreement, the Franchise Premises, substantial assets

of the Franchise, or ownership or control of you. Any attempted Transfer without our prior written consent will be a breach of this Agreement. Our consent will not be unreasonably withheld. We need not consent to any Transfer if you have not operated the Franchise for at least 5 years.

Because we will have a strong and vested interest in the financial viability and ongoing management abilities of the transferee, we need not consent to any Transfer if we reasonably believe the purchase price is excessive or if we believe based upon a review of the transferee's operational and business plans that the transferee's business operations might not be beneficial on a cash flow or financial basis. We may require a review of the transferee's operational and business plans demonstrating that the transferee's business operations will work on a cash flow or financial basis in light of the operational history of the Franchise.

We need not consent to any Transfer to a competitor of ours.

We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of you (or your shareholders, members or partners, if you are a corporation, limited liability company, partnership or other entity).

You recognize that there are many subjective factors that comprise the process by which we select a suitable franchise owner. Our consent to a Transfer by you will remain a subjective determination. We need not consent to any Transfer unless all the following conditions are met:

- (1) The transferee assumes your obligations to any and all third parties. You will remain bound by your covenants in this Agreement to not disclose Confidential Information and to not compete with our franchisees or us.
- (2) You pay all ascertained or liquidated debts concerning the Franchise.
- (3) You are not in breach of this Agreement or any other agreement between the parties. Our consent to the transfer will not constitute a waiver of any claims we may have against you.
- (4) The transferee agrees to pay for and complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the Franchise.
- (5) You or the transferee pays a Transfer Fee according to our then current Transfer Fee Schedule. This fee will reimburse us for our reasonable legal, accounting, credit check and investigation expenses that result from the Transfer. The current Transfer Fee is **\$5,000**.
- (6) You pay us a **10** percent commission on the gross sale price (excluding the price of real property), if we obtain the transferee for you.
- (7) The transferee executes all documents we then require of new franchisees, including our Then-Current Franchise Agreement.

- (8) The transferee meets our standards for quality of character; personality type that fits within our franchise system and that fits with existing employees of the Franchise Premises (as applicable); financial capacity; and our then-current minimum requirements for experience in the industry and in our franchise system, which requirements currently include typically at least two years of experience as an employee in our system working for us, our affiliate or one of our franchisees. You will provide information we require to prove the transferee meets our standards.
- (9) You and your owners, members, partners, officers, and directors execute a general release in our favor. The release must be in a form we prescribe, following applicable law, to release us from any claims you may have against us.
- (10) If the lease or sublease for the Franchise Premises requires, the lessor or sub-lessor must have consented to the assignment or sublease of the Franchise Premises to the transferee.
- (11) You enter into an agreement to subordinate, to the transferee's obligations to us (including the payment of all Franchise fees), any obligations of the transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.

B. You may transfer your rights and obligations under this Agreement to a corporation or other entity in which you continuously own a majority of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the franchisee under this Agreement. The entity must contemporaneously agree in writing to be bound by the terms of this Agreement. You must contemporaneously agree in writing to guarantee the obligations of the entity and to remain personally liable as a named principal party in all respects under this Agreement. You will be in breach of this Agreement if you at any time dispose of any interest sufficient to reduce your ownership in the entity to less than a majority of any class of stock or other evidence of ownership, except with our prior written consent.

From time to time, at our request, you will provide to us a current list of all your owners, shareholders, members, directors, officers, partners, and employees, with a summary of their respective interests in you.

C. We may Transfer this Agreement. If we do, it will be binding upon and inure to the benefit of our successors and assigns. Specifically, you agree that we may sell our assets, assign the Service Marks, or sell the Arctic System outright to a third party, go public, engage in a placement of some or all of our securities, merge, acquire other entities or be acquired by other entities, or undertake a refinancing, recapitalization, re-organization, leveraged buyout or other economic or financial restructuring. As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Service Marks (or any variation of them) or the loss of association with or identification as part of our franchise system.

We will not be required to remain in any particular form of business or to offer to you products, whether or not bearing our Service Marks.

D. You may offer your securities or partnership interests to the public, by private offering, or otherwise, only with our prior written consent. Consent may not be unreasonably withheld. All materials required for the offering by federal or state law will be submitted to us for review before filing with any government agency. Any materials to be used in any exempt offering will be submitted to us for review prior to their use. No offering by you will imply (by use of the Service Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. You and all other participants in the offering must fully indemnify us concerning the offering. For each proposed offering, you will pay to us the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, legal and accounting fees. You will give us at least 60 days written notice before the effective date of any offering or other transaction covered by this subsection.

E. You may not grant a sub-franchise or Transfer less than all of your rights under this Agreement, and upon any attempt by you to violate this subsection, this Agreement will immediately terminate.

F. Our consent to a proposed Transfer will not be a waiver of any claims we may have against you (or your owners), nor will it be a waiver of our right to demand exact compliance with this Agreement.

G. You will comply with and help us to comply with any laws that apply to the Transfer, including state and federal laws governing the offer and sale of Franchises.

H. If this Agreement relates to your purchase of a franchise from an existing franchisee, then you agree to handle arbitration before the relevant state wellness center medical board (or similar agency) involving any patient seen at your wellness center, even if the patient was seen by the previous franchise owner (or its staff) and not by you (or your staff). You must comply with standards in our Wellness Center Rules in this regard.

8.2 Your Death or Disability.

A. Besides the Step-In Rights described above, 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 percent or more of you if you are a limited liability company or corporation or other legal entity. Subject to applicable state laws which would otherwise apply, within ninety days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual, partner, member or shareholder will:

- (1) 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 of the conditions set forth in Subsection (A) of the section entitled "Sale or Assignment," above (except that no Transfer Fee will be required). Or,
- (2) Transfer your interest according to the provisions of that Subsection. If a proper and timely application for the right to continue to operate has been made and rejected, the ninety days within which to Transfer will be computed from the date of rejection.

For purposes of this Subsection, on an application for the right to continue to operate, our silence through the ninety days following the event of death or incapacity will be deemed an acceptance made on the last day of the period.

- (3) If a suitable transferee purchaser is not found within ninety days from the date of death or permanent incapacity, we may at our sole option terminate this Agreement.

B. Joint Ownership of a Legal Entity. If you are a legal entity, you may be jointly owned by one or more doctors together with one or more lay persons for estate planning and tax purposes so long as we are aware of and consent to this joint ownership and if it is expressly allowed by relevant state laws and regulations.

At all times the controlling ownership interest and management rights in the entity must remain with the owning doctors. We may exercise the step-in rights if the doctor(s) loses controlling ownership interest and management rights in the entity (referred to as "Loss of Doctor Control") as a result of death, disability, dissolution of marriage, or otherwise (or if it appears that such loss is imminent, in our reasonable discretion). In such event, to the extent possible the doctor(s) must maintain complete management control of the entity during the pendency of the disability or action. Besides the step-in rights described above, the following will apply if an event results in Loss of Doctor Control:

You will comply with all applicable laws, including applicable rules and policies promulgated by state regulatory authorities.

Within ninety days of Loss of Doctor Control, you will transfer your interest in compliance with the conditions set forth in Section 8.1, above, (entitled "Sale or Assignment").

The doctor(s) will have the first right of refusal to buy any ownership interest in the entity that is held by lay owners. Upon a marital dissolution, the doctor will be awarded all interests in the entity and any interest awarded will be taken into account in an equitable division of the parties' assets and liabilities.

C. If the provisions of this Subsection 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.

8.3 First Right of Purchase. You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your Franchise. You agree to notify us in writing if you desire to sell or Transfer any interest in you or in your Franchise. You will give us sufficient information and documentation to allow us to analyze the status and value of your business and due diligence information. We will elect to exercise our option to purchase within **30** business days after our receipt of your written notification. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you later receive an offer from a third-party purchaser on better terms than we offered to you, you are obligated to re-offer to us pursuant to the subsection entitled "First Right of Refusal." You are obligated before any transfer to a third party to comply with all criteria set forth in the subsections entitled "Sale or Assignment" and "First Right of Refusal."

8.4 **First Right of Refusal.** If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, 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. At our option, we may pay the entire purchase price at closing. 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. We may exercise this right to purchase within **30** days after receipt of notice from you and due diligence information.

If we do not accept the offer within **30** days, you may make the proposed Transfer to a third party. The Transfer will not be at a lower price or on more favorable terms than disclosed to us. Any Transfer will require our prior written permission described in the section entitled "Sale or Assignment," above. If the Franchise is not transferred by you within six months from the date it is offered to us, or if any material change is made in the terms of the proposed sale, then you must reoffer to Transfer to us before a Transfer to a third party.

9. INDEMNITY, INSURANCE, CONDEMNATION AND CASUALTY

9.1 **Indemnity.** You will indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, actions, losses, attorney fees and damages arising out of or connected with the Franchise and the business activities, acts or omissions of you and your employees and agents, including those brought against you and us jointly alleging that you and we were negligent or otherwise liable. We will not be liable to you or to any other person because of your act, omission, neglect, or breach. If it is established that both you and we were negligent or otherwise liable, you and we will contribute to the relevant award, and the obligation to indemnify and hold harmless shall be determined, based upon the adjudicated and assigned respective degree of fault. In the event of a settlement prior to adjudication, you and we will agree to degrees of fault. You and we will contribute to the relevant settlement, and the obligation to indemnify and hold harmless shall be determined, based upon the agreed degree of fault. All provisions of this Section will be subject to these contribution and allocation of indemnification provisions.

You will indemnify us for any loss, cost or expense, including attorneys' fees, that may be sustained by us because of the acts or omissions of your vendors or suppliers or arising out of the design or construction of the Franchise Premises.

This indemnification will include use, condition, or construction, equipping, decorating, maintenance or operation of the Franchise Premises, including the sale of any food products, service or merchandise sold from the Franchise Premises. Any loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchise Premises, whether or not discoverable by us, and those arising from the death or injury to any person or arising from damage to the property of you or us, and our respective agents or employees, or any third person, firm or legal entity.

You will defend us at your own expense in any legal or administrative proceeding subject to this Subsection. Attorneys we approve will conduct the defense. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against us in any proceeding, including any settlement that we approve in writing. You will not settle any claim against us without our prior written approval. In our sole discretion and upon prior written

notice to you, we may settle or defend any claims against us at your expense, including attorney fees that we pay or incur in settling or defending. Promptly upon demand, you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

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 Arctic System 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.

All references in this Agreement that provide that you will indemnify or defend us or that you will name us under any insurance policy will also mean that our affiliates, directors, officers, and employees will be also and equally indemnified, defended or named.

9.2 Insurance. Upon commencement of Franchise operations, and during the term of this Agreement, you will obtain and keep in force by advance payment of premium appropriate wellness center medical malpractice, fire and extended coverage, vandalism, malicious mischief, general liability, and products liability insurance. This insurance will be in an amount sufficient to replace your personal property upon loss or damage. You must use an insurance company satisfactory to us to write this insurance in accordance with our standards and specifications in the Wellness Center Rules. The insurance will include, at a minimum, the types, coverages, and limits outlined in the Wellness Center Rules, which include but are not limited to:

- A. Comprehensive general liability insurance, including professional liability (malpractice) and products liability, completed operations, property damage, contractual liability, independent contractor's liability, abuse & molestation, and 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.
- D. Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage for death, personal injury and property damage.
- E. Cyber Security 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 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. 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 twenty 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 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 obligated 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 considerably more expensive than insurance you can obtain on your own and might not satisfy your needs.

You will promptly report all claims or potential claims against you, the Franchise, 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 the Arctic 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 business. It is your sole responsibility to assure that adequate insurance coverage is obtained for your business.

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

10. **NOTICE AND MISCELLANEOUS**

10.1 **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).

10.2 **Business Name.** You will execute any documents we may from time to time direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Service Marks and the names **Arctic**.

10.3 We and You Are Not Joint Venturers, Partners, or Agents.

A. Independent Relationship. You are and will remain an independent contractor. 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 nor 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. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. You acknowledge that you are not in a fiduciary relationship with us.

B. Display. In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads and business forms that you are our licensed franchisee by using language saying that you operate an independently owned Franchise. You will prominently display, by posting of a sign within public view, on or in the Franchise Premises and on any delivery vehicles that you use, a statement that clearly indicates that your franchise business is independently owned and operated by you as a franchisee and not as our agent.

C. Joint and Several Liability. The liability of you and your owners, shareholders, members or partners will be both joint and several. A breach of this Agreement by you or by any shareholder, member or partner will be a breach by all of the shareholders, members or partners and also by you.

10.4 Waiver. 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, your owners, or the Guarantors.

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

10.5 Time Is of the Essence. Time and strict performance are of the essence of this Agreement. ("Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this Agreement, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement, except in cases where this Agreement expressly provides for the consequences of a delay in performance.)

10.6 [Reserved].

10.7 Documents. You and your partners, shareholders, members, officers, and owners agree to execute and deliver any documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement.

Any material violation or breach of any of these documents or of any other Franchise or related agreement between the parties will be a material violation of this Agreement and of all the other documents and agreements between the parties. The non-breaching party may enforce or terminate this Agreement and any or all of the other documents and agreements as provided for enforcement or termination of this Agreement.

If you are a partnership, all general partners will sign the documents. If you are a corporation or Limited Liability Company or other entity, all shareholders or members and all officers will personally guarantee your faithful performance.

You will assure that each of your owners, shareholders, general partners, members, directors, officers, managers, employees, consultants, distributors and agents will not compete with us; will not attempt to divert patients to competing businesses; will not induce the employees of us or of our franchisees to leave their employment; and will keep, preserve, and protect confidential information as required by this Agreement.

10.8 Construction.

A. Entire Agreement. This document, including any exhibits attached to this Agreement and the documents referred to in this Agreement, will be construed together and constitute the entire agreement between the parties. It supersedes all prior or contemporaneous agreements or understandings, whether written or oral, with respect to the subject matter of this Agreement. There are no other oral or implied understandings between the parties with respect to the subject matter of this Agreement. Except as expressly and otherwise provided in this Agreement, this Agreement may not be modified, nor may any rights be waived or abridged, orally or by course of dealing, but only by a written instrument signed by the parties. The words "this Agreement" include any future modifications unless otherwise suggested by the context. No salesperson, representative, or other person has the authority to bind or obligate us in any way, except our CEO, president or a vice president at our home office by an instrument in writing.

No previous communications, negotiations, course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third-party beneficiary of that provision.

Nothing in this Agreement or any related agreement is intended to disclaim the representations we made to you in our franchise disclosure document.

B. Format. All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words "will" and "must" used in this Agreement indicate a mandatory obligation. This Agreement has been prepared in the "you/we" format to simplify it and to facilitate our compliance with state and federal franchise disclosure laws. The

rule of construction that a written agreement is construed against the party preparing or drafting such agreement will specifically not be applicable to the interpretation of this Agreement.

C. Captions and Headings. All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this Agreement. If there is any typographical, word processing, printing or copying error in this Agreement, the error will be interpreted and corrected consistent with the following order of interpretation:

1. The content and expressed intent and exhibits of our Franchise Disclosure Document(s) previously delivered to you.
2. The content and expressed intent of franchise agreements we have executed with our other franchises reasonably contemporaneous to this Agreement.

D. Severability. If, any part of this Agreement is declared invalid, that declaration will not affect the validity of the remaining portion which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted. The parties declare their intention that they would have executed the remaining portion of this Agreement without including any part, parts, or portions which may be declared invalid in the future. Provided, however, that if we determine that the finding of invalidity materially and adversely affects the basic consideration of this Agreement, we may, at our option, terminate this Agreement.

E. Implied Covenants. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. If applicable law implies such a covenant, the parties acknowledge and agree that:

1. This Agreement (and the relationship of the parties which is inherent from this Agreement) grants us the discretion to make decisions, take actions or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests;
2. We will use our business judgment in exercising our discretion based on our assessment of our own interests and balancing those interests against the interests of the owners of other Arctic businesses generally (including us, our franchisees and parties related to us) and specifically without considering the individual interests of you or any other particular franchisee;
3. We will have no liability to you for the exercise of our discretion in this manner, so long as our discretion is not exercised in bad faith toward you; and
4. In the absence of bad faith, no trier of fact in any judicial or arbitration proceeding will substitute its judgment for the business judgment we exercise.

F. Joint and Several. If, at any time during the term of this Agreement, you consist of two or more persons or entities (whether acting in partnership or otherwise and whether or not all have signed this Agreement), the rights, privileges and benefits granted to you in this Agreement may only be exercised and enjoyed jointly; and your obligations, liabilities and responsibilities under this Agreement will be joint and several obligations of each such person and entity.

10.9 Enforcement/Dispute Resolution. If a dispute arises, 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 will survive termination or expiration of this Agreement.

Before undertaking any legal or equitable action, you and we agree to participate in at least **8** 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 franchise business disputes. You and we agree to equally share the costs of mediation. Mediation may be specifically enforced by either party. This agreement to mediate will survive termination or expiration of this Agreement.

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.

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 or arbitration terms of this Agreement, and may be brought in any court of competent jurisdiction.

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.

The rights and liabilities of the parties arising out of or relating to this Agreement will be governed by the laws of the state of Washington (except and only where federal substantive law applies, i.e., Lanham Act claims), and any dispute arising out of or relating to this Agreement will be mediated, arbitrated, tried and heard (as applicable) and submitted to binding arbitration in the county where our corporate headquarters is located (currently King County, Washington), pursuant to the Commercial Arbitration Rules of the American Arbitration Association or of the Franchise Arbitration and Mediation Service or of any similar organization that specializes in the arbitration of commercial franchise business disputes. You acknowledge and agree that this venue is reasonable for purposes of uniformity and best meets the interest of all of the franchisees of the Arctic franchise system, including you. Judgment on the award may be entered in any court of competent jurisdiction; provided, however, that either party may seek preliminary injunctive or other equitable relief pending arbitration to prevent irreparable harm. The prevailing party in any arbitration or litigation will be entitled to recover all reasonable expenses, including attorneys' fees in connection with the proceedings or any appeal. Any court proceedings authorized under this

Section will be conducted exclusively in state or federal courts located in King County, Washington.

The parties waive, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against any other party and agree that the party making any claim directly or indirectly arising from or relating to this Agreement will be limited to recovery of actual and consequential damages sustained.

You recognize the unique value and secondary meaning attached to the Arctic System, the Service Marks and our standards of operation and trade practices. You agree that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Arctic System or the Service Marks will cause irreparable damage to us and our franchisees. You agree that if you engage in any unauthorized or improper use, during or after the period of this Agreement, we will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by laws. 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.

You agree that the existence of any claims you may have will not constitute a defense to the enforcement by us of any of the confidentiality requirements and covenants not to compete described in this Agreement. You acknowledge that any violation of the confidentiality requirements and covenants not to compete would result in irreparable injury to us for which no adequate remedy at law may be available and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete.

You agree that each of the confidentiality requirements and covenants not to compete described in this Agreement will be constructed as independent of any other covenant or provision. If all, parts or any portion of any covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. Each of the covenants described in this Agreement is a separate and independent covenant in each of the separate counties and states in the United States in which we transact business. To the extent that any covenant may be determined to be judicially unenforceable in any county or state, that covenant will not be affected with respect to any other county or state. You understand and acknowledge that we will have the right, in our sole discretion, to reduce the scope of any of covenants, confidentiality requirements or covenants not to compete set forth in this Agreement that apply to you or to any other of our franchisees. We may do so without your consent, effective immediately upon your receipt of written notice. You agree that you will comply with any covenant that pertains to you as we so modify it.

You acknowledge we will suffer immediate and irreparable harm that will not be compensable by damages alone if you repudiate or breach any of the provisions of any part of this Agreement that relates to the confidentiality or protection of confidential information and trade secrets or your covenants to not compete against us or our franchise system or your threats or attempts to do so. For this reason, under those circumstances, we, in addition to and without limitation of any other rights, remedies or damages available to us at law or in equity, will be entitled to obtain temporary, preliminary and permanent injunctions in order to prevent or restrain the breach, and we will not be required to post a bond as a condition for the granting of this relief. You also agree that a violation of any of your confidentiality or non-competition covenants will entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including,

without limitation, wages, salary, and profits, which will be held by you in constructive trust for us, received by you in connection with such violation.

You specifically acknowledge the receipt of adequate consideration for the confidentiality and non-competition covenants contained in this Agreement and that we are entitled to require you to comply with these covenants. Those covenants will survive termination or expiration of this Agreement. You represent that if this Agreement expires or is terminated, whether voluntarily or involuntarily, you have experience and capabilities sufficient to enable you to find employment or otherwise earn a livelihood in areas which do not violate this Agreement and that our enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

10.10 Other Agreements. If you or any of your shareholders, members, 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.

Whenever this Agreement requires that you and we enter into a release, such as for a Transfer or renewal, the release will be in the following form:

FORM OF RELEASE

You (and your owners, members, partners, officers, and directors) [and we] will agree to the following [mutual] general release, subject to and following laws applicable in your jurisdiction, to release [you from any claims we may have against you and] us from any claims you may have against us:

In consideration of the mutual covenants and understandings between the parties, you [and we] will release and discharge us [the other] and our respective current and former owners, partners, directors, officers, employees and agents from all obligations, duties, covenants and responsibilities to be performed under your Franchise agreement with us related to the Franchise and the Franchise Premises ("your Prior Franchise Agreement").

You [and we] will release and forever discharge us [the other] and our respective 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 negotiation of, execution of, performance of, nonperformance, or breach of your Prior Franchise Agreement and any related agreements between you and us and out of any other action or relationship between you and us arising prior to the date of the transfer agreement.

You and we will 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 [against us], known or unknown, arising directly or indirectly out of your Prior Franchise Agreement and the relationship between you and us prior to the date of the transfer [renewal] 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 arise under your Prior Franchise Agreement prior to the date of the transfer [renewal] agreement, including all effects and consequences.

This release is intended to waive, release and discharge all claims [against us], other than the following, which are expressly reserved:

any future claims we may have against you for: your past, present and future violations of the post-termination covenants contained in the Prior Franchise Agreement and [fill in blank as appropriate]

[any future claims you may have against us for:] [fill in blank as appropriate]

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 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.

You [and we] will waive the benefit of both statutes and any other legal doctrine or principle of similar effect in any jurisdiction.

10.11 Agreement Binding on Successors and Assigns. Subject to the provisions of this Agreement concerning assignment and transfer, this Agreement benefits and binds the respective heirs, executors, administrators, successors, and assigns of the parties.

10.12 Execution in Counterparts and Our Acceptance. This Agreement will be binding upon you at the time you sign it and deliver it to us. This Agreement will not be binding upon us until we accept it in writing by one of our principal officers at our corporate office. If we do not accept it within sixty days, this Agreement will no longer be binding upon you. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Delivery of executed signature pages of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

10.13 Approval by Shareholders, Members or Partners. If you are a corporation, limited liability company, partnership or other entity, we will not be bound until your shareholders, members or partners read and approve this Agreement, agree to the restrictions on them (including restrictions on the transfer of their interest in the Franchise and the restrictions and limitations on their ability to compete with us), and jointly and severally guarantee your performance under this Agreement. We may request a copy of the resolution approved by your partners, members, shareholders, owners or directors as confirmation of your fulfillment of this requirement and authorizing your execution of this Agreement.

Your ownership certificates will have conspicuously endorsed upon them a statement that they are subject to, and that further assignment or transfer of them is subject to, the restrictions imposed upon assignments by this Agreement.

If you are an entity with more than one owner, the partnership agreement, shareholders agreement, limited liability operating agreement or other similar agreement for the entity ("Owners Agreement") will be subject to the following provisions which will supersede any contrary provisions in that agreement:

1. Your owners ("Owners") agree to submit any dispute they cannot resolve relating to the operation and management of the franchise business to arbitration by our Chief Executive Officer or his designee. If the arbitration submission is accepted by our Chief Executive Officer, it must be held at our headquarters or at another location the Owners and the arbitrator agree. The decision of the arbitrator will be final and subject to enforcement by the courts of competent jurisdiction. If the submission to arbitration is not accepted by our Chief Executive Officer, the Owners must resolve their disputes in accordance with the other provisions of this Agreement.
2. The term "operations and management" includes, but is not limited to, questions relating to:
 - A. Allocations of management responsibilities between the Owners;
 - B. Contributions to capital for purposes of business operations, repairs and remodeling;
 - C. The reasonable salaries of the Owners;
 - D. Marketing efforts;
 - E. The termination of the employment of an Owner;
 - F. Procedures for making and implementing management decisions;
 - G. Whether an Owner has performed duties with respect to the operation or management of the franchise business.
3. Unless the Owners and the arbitrator agree in writing otherwise, "operation and management" does not include questions relating to:
 - A. Allocations, computations or distributions of profit or loss;
 - B. Accounting issues;
 - C. Elections of officers of the entity;
 - D. Investments of cash not necessary for the operation of the business;
 - E. Determining whether an Owner is disabled or incompetent within the meaning of the Owners Agreement;
 - F. The fair market value of the Owners' interests in the entity;
 - G. Whether an event has occurred, which gives rise to a right to buy the interest of an Owner other than a right resulting from an Owner's default determined to exist under 2, above;
 - H. Whether an Owner has met his obligations to purchase the interest of any current or former Owner;
 - I. Matters relating to the winding up of the entity after a dissolution;
 - J. Matters relating to the legal validity of the Owners Agreement.
4. The Owner or Owners who are to be responsible for operation of the franchise business must own 50% or more of the capital interests in the entity and that the Owners of the entity must have voting rights proportionate to their interests in capital.

5. The Owners agree to notify us in writing of their intent to enter into, modify or amend any Owners Agreement. Notice must be given at least 10 business days before they enter into that agreement, modification or amendment. The purpose of this notice is to enable us to review it for compliance with this section.
6. Application of these provisions in the Owner's Agreement will be a condition to our consent to the transfer of the franchise to an entity.

10.14 Personal Guarantee. The undersigned Guarantors are all of your partners, members, shareholders or owners. They jointly, severally, irrevocably, and unconditionally guarantee to us the due and punctual observance and performance by you of all of your obligations under this Agreement and any other agreement to which you and we are parties. Each Guarantor agrees to guarantee us against all liability, loss, harm, damage, costs, and expenses (including attorney fees) that we may incur because of your failure to observe your obligations. The liabilities and obligations of each Guarantor will not be released, discharged, or affected by our release or discharge of or dealing with you under any of these agreements; or by anything we do, suffer, or allow to be done in relation to you; or by change, alteration, or modification of any of the agreements; or by any compromise, arrangement, or plan of reorganization affecting you; or by your bankruptcy or insolvency; or by any other act or proceeding in relation to you or any of the agreements by which any Guarantor might otherwise be released. The liabilities and obligations of each Guarantor pursuant to this Guarantee will be continuing in nature and will terminate only on the satisfaction of your obligations under this Agreement. A fresh cause of action will arise in respect of each breach by you producing a liability of any Guarantor.

The Guarantors agree that it will not be necessary for us or our assigns to institute suit or exhaust our legal remedies against you in order to enforce this guaranty. Guarantors agree that we may from time to time extend the time for performance or otherwise modify, alter, or change this Agreement, may extend the time for payment of all sums guaranteed, and may receive and accept notes, checks, and other instruments for the payment of money made by you and extensions or renewals without in any way releasing or discharging Guarantors from their obligations. This guaranty will not be released, extinguished, modified, or in any way affected by our failure to enforce all the rights or remedies available to it under this Agreement. Our release of one or more Guarantor will not operate as a release of the other Guarantors.

10.15 Representations and Acknowledgments

A. **Receipt of Disclosure Documents.** You acknowledge that you have received our Franchise Disclosure Document at the earlier of (1) **14** calendar days prior to the signing of this Agreement or any other Franchise or related agreement between you and us or our affiliate(s); or (2) **14** calendar days before any payment from you to us or our affiliate(s). In addition, you acknowledge either:

1. receipt of this Agreement containing all substantive terms at the time of delivery of the Franchise Disclosure Document; or
2. 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, you acknowledge that you received a complete and final copy of this Agreement and its exhibits not less than **7** calendar days before you signed this Agreement.

B. You Have Read and Understand this Agreement. You acknowledge that you have had ample time to read and have read this Agreement and our Franchise Disclosure Document. You understand and accept the terms, conditions and covenants contained in this Agreement. They are necessary to maintain our high standards of quality, service and uniformity at all Franchises. They protect and preserve the goodwill of the Service Marks and the confidentiality and value of the Arctic System. You have received advice from advisors of your own choosing regarding all pertinent aspects of this Franchise and the Franchise relationship created by this Agreement. You also acknowledge that you believe you have made a good decision for yourself or your partners or your corporation based upon what you believe is your ability to run and control a business of your own.

C. Varying Forms of Agreement. You are aware that some present and future Arctic franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

D. Speculative Success. The success of your Franchise 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 the potential success of the Franchise.

E. Independent Investigation, No Projections or Representations. You acknowledge that you have entered this Agreement after conducting an independent investigation of us and of the Franchise. Your success will be dependent upon your ability as an independent businessperson. You have not relied upon any representation as to gross revenues, volume, cost savings, potential earnings or profits, which you in particular might realize. Except as outlined in Item 19 of our Franchise Disclosure Document, we expressly disclaim the making of, and you acknowledge that you have not received, any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business venture contemplated by this Agreement. You acknowledge that neither we, nor any of our officers, directors, shareholders, employees, agents or servants, made any other representation about the business contemplated by this Agreement or that are not expressly set forth in this Agreement or our Franchise Disclosure Document to induce you to accept this Franchise and execute this Agreement. Any oral representations made by our representatives to you, whether or not set forth in earlier versions of our standard form Franchise agreement, have either been ratified by us by including the representations in this document or have been disavowed by excluding them from this Agreement.

F. 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 operation of the Franchise. We do not receive or review business plans and loan applications before a franchisee signs the relevant franchise agreement. 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 Franchise investment for you. You acknowledge that we 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.

G. Your Location and Market Area. You acknowledge that we will not provide or designate locations for you. You have investigated the potential of the market area in which you are to establish and operate your Franchise business and the laws and regulations applicable thereto (or will do so if you have not yet found a Franchise Premises). You agree and represent that that market area is reasonable, the Franchise Premises will be suitable for the operation of an Arctic franchise, and this Agreement represents fair consideration for the opportunity to establish and operate an Arctic franchise.

H. Health and Full-Time Participation. You acknowledge that an Arctic business involves hard work and sometimes long hours, similar to most small 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. The Wellness Center Rules limits the amount of time you can take for vacations and leave. You represent that you or your majority owner are in good health and able to devote your full time and best efforts to the day-to-day operations of your Franchise.

I. Terrorism, Convictions, Immigration Status. You represent to us, unconditionally and without reservation, that:

Neither you, nor your spouse, nor your children, nor your parents, nor any employee or 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:

- ii) supports terrorism, provides money or financial services to terrorists, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq, or Executive Order 13224 issued by the President of the United States of America;
- iii) obtains money or financial services from terrorists or institutions that support terrorists, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq. or Executive Order 13224 issued by the President of the United States of America;
- iv) is engaged in terrorism, or in any activity, organization or plan with or of any person or organization, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq. or Executive Order 13224 issued by the President of the United States of America;
- v) is on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900, et seq. or Executive Order 13224 issued by the President of the United States of America.

Neither you nor any of these persons 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 and travel to the United States to fulfill your obligations under your agreements with us.

Neither you, nor your spouse, nor your children, nor your parents, nor anyone who has an interest in or who will manage the franchise, nor any employee or prospective employee of the franchise business, nor any of your partners or affiliates 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.

You, your spouse, your children, your parents, and anyone who has an interest in or who will manage the franchise, and all employees or prospective employees of the franchise business, and all of your partners or affiliates are in the United States lawfully, have legal residence in the United States, and are lawfully permitted to work in the United States.

You represent and warrant that to your actual and constructive knowledge: (i) neither you (including your directors, officers and managers), nor any of your affiliates, or any funding source for your franchise, are identified on the list at the United States Treasury's Office of Foreign Assets Control (OFAC); (ii) neither you nor any of your affiliates are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither you nor any of your affiliates are acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither you nor any of your affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither you nor any of your affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither you nor any of your affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

You represent and warrant that:

Neither you nor any of your owners or agents conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act ("**Patriot Act**") and any amendments or successors thereto.

Neither you, any of your owners nor any employee or agent is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control (currently, this list is published under the Internet website address: www.treasury.gov/offices/enforcement/ofac/), and that you are neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor do you or your owners or agents act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. You agree that you will notify us in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this subsection incorrect.

You understand and have been advised by legal counsel on the requirements of the applicable laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at: www.usdoj.gov/criminal/fraud/fcpa.html), any local foreign corrupt practices laws and the Patriot Act (currently located at: www.epic.org/privacy/terrorism/usapatriot/), and you acknowledge the importance to us, the Arctic System and the parties' relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to us or any government, that is made part of any applicable law or regulation. You will take all reasonable steps to require your consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

J. 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.

K. 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.

L. 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.

M. NO REPRESENTATIONS, PROJECTIONS, OR WARRANTIES. WE HAVE NOT MADE ANY REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO YOU, YOUR OWNERS, OR THE GUARANTORS TO INDUCE THE EXECUTION OF THIS AGREEMENT OR CONCERNING THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THIS AGREEMENT AND IN OUR FRANCHISE DISCLOSURE DOCUMENT THAT WE DELIVERED TO YOU. YOU

ACKNOWLEDGE THAT NEITHER WE NOR ANY OTHER PARTY HAS GUARANTEED YOUR SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

11. **SIGNATURES**

IN WITNESS, the parties have executed this Agreement on the day and year first above written.

("we/us"): **ARCTIC FRANCHISING LLC** (jointly and severally "you"):

By: _____ Signature: _____

Title: _____ Print Name: _____, an individual

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER. ADDITIONALLY, THE AGREEMENT MUST BE SIGNED BY ALL OFFICERS AND OWNERS OF THE COMPANY AS INDIVIDUALS.

The undersigned officer _____ being the _____ of _____, pursuant to authority granted to him at a duly called meeting of the company on the __ day of _____, 201____, executes this instrument, by signing the name of the company, as an officer.

("we/us"): **ARCTIC FRANCHISING LLC** (jointly and severally "you"):

By: _____

By: _____

Title: _____

Title: _____

By: _____

Title: _____

INDIVIDUAL(S):

IF YOU ARE A PARTNERSHIP: THIS AGREEMENT MUST BE SIGNED BY ALL GENERAL PARTNERS. THE AGREEMENT MUST ADDITIONALLY BE SIGNED BY ALL GENERAL PARTNERS, AS INDIVIDUALS.

The undersigned partner, _____, being a General Partner authorized to execute this Agreement on behalf of the partnership, executes this instrument by signing the name of the partnership by himself, as general partner of the partnership.

("we/us"): **ARCTIC FRANCHISING LLC** (jointly and severally "you"):

By: _____

Title: _____

By: _____

Title: _____

By: _____

Title: _____

INDIVIDUAL(S):

SCHEDULE 1 TO THE FRANCHISE AGREEMENT

FRANCHISE PREMISES

EXHIBIT 1– FRANCHISE LOCATION

1) **FRANCHISE TERRITORY:** The Franchise Territory is [is two-driving-miles on major thoroughfares from the Franchise Premises with the limitation that if the two-mile distance intersects a material physical boundary, such as a river or freeway, or a political boundary such as a city or county boundary, that boundary will apply, and subject to all currently existing Arctic wellness center locations] [the city limits as of _____, 202__ of _____, _____.]

2) **FRANCHISE PREMISES:** The Franchise Premises is or will be located at _____.

The site of the Franchise Premises and the boundaries of the Franchise Territory are based on the physical location of the references used to describe the franchise location or the boundaries of the territory on the date of this Agreement. If a street address is used to describe a location, the renumbering of the address will not serve to move the location. If a specified boundary of the Franchise Territory is described as a street, the center line of the street is intended; if the boundary is described as a political dividing line (such as a city limit), the line utilized by the appropriate political jurisdiction is intended. The area and physical location of any Franchise Premises location or of the Franchise Territory will not be altered by a subsequent movement of the references originally used to describe them. Also, it is only those points to the “inside” of the boundary that form a part of the Franchise Territory (for example, if a Franchise Territory is bounded on the north by Main Street, only the area south of the center line of Main Street is within the Franchise Territory).

For all calculations based upon a distance (for example, the boundaries of your Franchise Territory), the measurement will be made [in a straight line] [following the current shortest driving distance on major thoroughfares in every possible direction measured by the centerline as of the date of this Agreement] between the nearest points; if any portion of an object is within the prescribed distance from a point, the entire object is considered to be within that distance.

OR

3) **DESIGNATED AREA:** *If either the Franchise Territory or the Franchise Premises has not been determined when this Agreement is executed, you are responsible for selecting the site for your Franchise Premises within the following Designated Area:*

The Franchise Territory and your franchise site must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of wellness centers by any party and concerning any territory protections granted to you.

To obtain our approval of a proposed site, you must submit a written site proposal to us, in the form indicated in the Wellness Center Rules. Once our initial approval has been obtained, you will obtain for our approval a letter of intent or copy of the proposed lease setting forth all of the material terms and conditions for your occupancy and use of the proposed site written agreement of the owner or master tenant of the proposed site to execute our form Addendum to Lease. You will be solely responsible for negotiating the terms of the lease.

Following receipt of your written site proposal, we may, in our sole discretion, make an on-site visit to the proposed site at our expense if we reasonably believe that physical inspection of the demographic conditions of the area, or the proposed site, is necessary or desirable to evaluate your proposal. You understand and agree that the on-site visit is at our option and not required by this Agreement. If you propose more than one site and we determine that we must make more than one site visit in connection with the site review process, we may charge you a Site Review Fee of \$1,000/day plus reimbursement of our reasonable travel expenses, including, without limitation, expenses for air and ground transportation, lodging, meals, and miscellaneous travel-related personal charges, which you will pay to us within 15 days of invoice.

We will have 30 days following receipt of your completed site proposal to complete any site visit that we choose to make and approve or disapprove the proposed site by giving written notice to you (the "Site Approval Notice"). If you propose more than one site, we need only approve one site or may disapprove all proposed sites. Our failure to give timely notice of approval will constitute our disapproval of all sites you proposed.

Our approval of a site signifies only that the site meets our current site criteria and that the owner or master tenant of the proposed site will execute our form Addendum to Lease and permit you to occupy the site the purpose of operating a franchise on the terms of this Agreement. Our approval of a site does not certify that your development, use or occupancy of the site will conform to applicable law, or guaranty or warrant that operation of a franchise at the site will be successful or profitable. In approving the site, we have no duty to investigate or inform you about the commercial building permits, availability of relevant licenses, zoning requirements and other building conditions applicable to developing the approved site, which you are solely responsible for investigating. The fact that we may, in our sole discretion, offer you advice, recommendations or services in connection with site location, lease negotiation or building conditions will not constitute an admission on our part that we are responsible for identifying potential sites, negotiating the lease or investigating the feasibility of the site. You understand that site investigation, site selection and lease negotiation are your sole responsibility, subject to our right to approve the site on the terms of this Agreement. You understand that we recommend that you retain the services of a professional site investigation company to help you evaluate the feasibility and costs of developing the site.

SCHEDULE 2 TO THE FRANCHISE AGREEMENT

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 a *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__.

("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

SCHEDULE 3 TO THE FRANCHISE AGREEMENT

FRANCHISE PREMISES LEASE AGREEMENT RIDER

THIS RIDER has been entered this ____ day of _____, 202___. It is by and between _____, ("Landlord") and _____ (jointly and severally "Tenant").

RECITALS

On or about _____, 202__, Landlord and Tenant executed a lease agreement (the "Lease Agreement") by which Tenant leased from Landlord real property for Tenant's operations of an Arctic franchise at the following location: _____ (the "Franchise Premises").

On or about _____, 202__, Tenant and Arctic Franchising LLC, (the "Franchisor") executed a franchise agreement (the "Franchise Agreement") for Tenant to operate an Arctic franchise at the Franchise Premises.

Landlord and Tenant desire to execute this addendum to the Lease Agreement to give Franchisor certain rights to the Franchise Premises as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Use of Franchise Premises.** Landlord acknowledges and agrees that the Franchise Premises may be used only for the operation of an Arctic medical facility. Landlord permits Tenant to use and display the following service marks, trademarks, and commercial logos: Arctic Elevation® and Arcticsm, and all other marks that Franchisor develops for an Arctic medical facility in the future.
2. **Landlord Reports and Disclosures to Franchisor.** Tenant acknowledges and agrees that Landlord may, upon Franchisor's written request, disclose to Franchisor all reports, information, or data in Landlord's possession respecting sales made in, upon, or from the Franchise Premises and Tenant's business operations.
3. **Assignment to Franchisor.** Anything contained in the Lease Agreement to the contrary notwithstanding, Landlord agrees that without Landlord's consent, the Lease Agreement and Tenant's right, title and interest, may be assigned by Tenant to Franchisor, without cost or penalty. Landlord grants to Franchisor the right, at Franchisor's election, to receive an assignment of the Lease Agreement and the leasehold interest in the Franchise Premises, upon termination or expiration of Tenant's Franchise Agreement.
4. **Tenant's Default; Notice to Franchisor.** Landlord will give written notice to Franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant under the Lease Agreement. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within **15** business days after the expiration of the period in which Tenant had to cure the default. Notice will be sent to the following address, or to the address Franchisor may, from time to time, specify in writing to Landlord:

ARCTIC FRANCHISING LLC

1133 Lake Washington Blvd N, Ste. 80

Renton, WA 98056
425-400-2925
info@arcticelevation.com

5. **Franchise Premises De-identification.** Upon termination, expiration, or non-renewal of the Lease Agreement, Tenant may de-identify the Franchise Premises. If Tenant fails to do so, Landlord gives Franchisor the express right to de-identify. De-identification consists of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by Franchisor; and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Franchise Premises from Franchisor's proprietary designs and marks.

6. **Renewal, Extension, or Cancellation of the Lease Agreement.** Landlord will not extend, renew, or cancel the Lease Agreement without Franchisor's prior written consent, which consent will not be unreasonably withheld.

7. **Signatures.**

IN WITNESS, the parties have executed this Rider on the day and year first above written.

("Landlord"):

By: _____
Title: _____

("Tenant"):

By: _____
Title: _____

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 of 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 **Arcticsm**

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 Franchise Agreement ("FA") and all related agreements as required by relevant state laws.

These states have statutes, which may supersede the Franchise 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 (Code Section 19.100.180)
WISCONSIN (Stat. section 135.03)

These and other states may have court decisions which may supersede the Franchise 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.

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 UNDER THE 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 IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE 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 OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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 Franchise 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.

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 of 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.

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.

North Carolina

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 therefore 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.

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

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 Franchise 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 Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of 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 Franchise 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
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Name	Address	Telephone	Relation to You
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Name	Address	Telephone	Relation to You
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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 of 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 of 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 Franchise 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 of your obligations pursuant to the provisions of this Agreement and returning all of 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 Franchise 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 "Franchise Agreement") for the operation of an Arctic franchise at the following location:

_____ desires to cease operations under the Franchise Agreement and to transfer _____'s rights in the franchise to _____. _____ desires to acquire _____'s rights in the Franchise Agreement and to operate the franchise at the following location:

Arctic desires to consent to the transfer of the Franchise Agreement from _____ to _____, as follows, subject to and pursuant to the provisions of the Franchise 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 Franchise Agreement.]

_____ desires to release Arctic from any and all claims whatsoever arising out of the offer of, negotiation, execution, delivery, and performance of the Franchise 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 Franchise Agreement. The Franchise 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 Franchise 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 Franchise Agreement is terminated. The parties agree that the provisions of the Franchise 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 Franchise 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 Franchise Agreement and the franchise are assumed by _____. _____ will remain bound by its covenants in the Franchise Agreement that neither it nor its owners, officers, partners, or other persons enumerated in the Franchise 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 Franchise 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 Franchise Agreement as if _____ had been named as the original franchisee in the Franchise Agreement. _____ will execute all documents Arctic or _____ may reasonably require to complete the transfer and assumption of the Franchise 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 Franchise 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 Franchise 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 Franchise Agreement will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise 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 Franchise 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 Franchise Agreement which expressly or by reasonable implication are intended to apply to _____ after termination of the Franchise 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 Franchise 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 Franchise 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 Franchise 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 Franchise 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 Franchise 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 Franchise 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 Franchise Agreement (the "Franchise 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 Franchise Agreement, subject to and pursuant to the provisions of the Franchise Agreement.]

You desire to release us from any and all claims whatsoever arising out of the negotiation, execution, delivery, and performance of the Franchise Agreement.

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

1. Renewal of Franchise Agreement.

- A. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise 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 Franchise 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 Franchise 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. Continuation of Franchise Agreement. The Franchise Agreement and all other or prior agreements between Arctic and _____, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties shall continue in full force and effect and completely expresses the present understanding between the parties. New Corporation shall be a party to

the Franchise Agreement and its addenda as though New Corporation had executed the Franchise Agreement on the date it was created.

Arctic's consent to this Agreement shall not constitute a waiver of any claims it may have against _____.

_____ and New Corporation covenant and agree:

- a. _____ shall remain fully bound by its covenants in the Franchise Agreement.
- b. Arctic is not in default in any way under the Franchise 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 Franchise Agreement as if New Corporation had been named the original _____ in the Franchise Agreement. New Corporation shall execute all documents Arctic or _____ may reasonably require to complete the assumption of the Franchise 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 shall 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 shall 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 Franchise Agreement will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise 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 Franchise 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 Franchise 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 Franchise 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 Franchise 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 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.

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



Wellness Center Rules Table of Contents



Operations Manual

*Optimizing Business Outcomes
Through Standardized Protocols and Supervision*

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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 **Arcticsm** 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 obligated 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 Conflicting or Competing Interests. 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. COVENANT OF NON-DISCLOSURE 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 of 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 COVENANT OF NON-USE 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 RECIPROCAL OBLIGATION 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 **Duration.** 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 **Waiver.** 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
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	Pending
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	Pending

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

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: **September 30, 2025.**

Our authorized agents for service of process are identified in Exhibit A of this Franchise Disclosure Document.

I have received a disclosure document dated **September 30, 2025** that included the following Exhibits:

- A. Agents for Service of Process and Regulatory Authorities
- B. Audited Financial Statements
- C. Franchise 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. 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

ACKNOWLEDGMENT OF RECEIPT

EXHIBIT L
ACKNOWLEDGMENT OF RECEIPT
ARCTIC FRANCHISING LLC

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.

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David Kostroub and Victor Kostroub, 1133 Lake Washington Blvd N, Ste. 80, Renton, WA 98056, 425-400-2925

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- I. Wellness Center Rules Table of Contents
- J. Confidentiality, Non-Disclosure, and Non-Compete Agreement
- K. 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

ACKNOWLEDGMENT OF RECEIPT