# FRANCHISE DISCLOSURE DOCUMENT

Pritikin ICR LLC
a Delaware limited liability company
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We offer licenses under which health care providers such as hospitals and cardiology practices can become certified to operate a portion of their existing health care business as a "Pritikin-certified" provider. "Pritikin-certified" programs offer and teach intensive cardiac rehabilitation programs to their patients using Pritikin's proprietary "Pritikin" intensive cardiac rehabilitation program (the "**Pritikin-certified ICR Program**"). These health care providers will conduct the Pritikin-certified Program for patients at their existing health care facilities.

The total investment necessary for a health care provider to begin operating as a Pritikin-certified provider of the Pritikin-certified ICR program at one location is $25,720 to $75,056. This includes approximately $20,089 to $28,425 that you must pay to us.

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. **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 Jenny Ray, Sales and Marketing Manager, 7701 Forsyth Boulevard, Suite 600, Clayton, Missouri 63105, at 800.677.0257.

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 N.W., 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.

The issuance date of this disclosure document is April 19, 2022.

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F. |
| **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 C 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 Pritikin ICR Program in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be a Pritikin ICR franchisee?** | Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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 litigation only in Delaware. Out-of-state 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 Delaware than in your own state.

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

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**Exhibits**:

| | |
|---|---|
| A | Certification Agreement (New York) and Related Exhibits (franchise agreement) |
| B | Pritikin ICR LLC's Financial Statements |
| C | List of Administrators |
| D | Agents for Service of Process |
| E | List of Current and Former Franchisees |
| F | Table of Contents to Manuals |
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| H | New York Certification Agreement Amendment |
| I | State Effective Dates Page |
| J | Receipts (2 copies) |

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

Pritikin ICR LLC is the franchisor. To simplify the language in this disclosure document, the terms "**we**", "**us**", "**our**," "**franchisor**," and "**Pritikin**" also refer to Pritikin ICR LLC. The terms "**you,**" "**your**," "**licensee**," and "**franchisee**" refer to the person (or professional company) to whom we grant a license, the licensee. If the licensee is a partnership, corporation, or other entity, "you" includes the licensee's owners. Unless otherwise defined in this disclosure document, all initially capitalized terms appearing in this disclosure document have the same meaning as provided in the Pritikin ICR Program Certification Agreement (the "**Certification Agreement**"), a sample copy of which is included as Exhibit A of this disclosure document. (For the purpose of this FDD and the Certification Agreement, we use the terms "franchisor" and "licensor" interchangeably, and the terms "franchisee" and "licensee" interchangeably based on industry practice and without any intended difference in the meaning of those terms. The use of these terms does not affect whether the Certification Agreement and our relationship with a provider is a "franchise" under U.S. law regulating franchises.)

We were formed in Delaware on February 5, 2013, and our principal business address is 7701 Forsyth Boulevard, Suite 600, Clayton, Missouri 63105 (tel - 800-677-0257). We do business under the names "Pritikin", "Pritikin ICR", and our legal name. To the extent that we have appointed agents for service of process, they are listed in Exhibit D to this disclosure document.

### ***Parents, Predecessors and Affiliates***

We and our affiliates have developed programs to promote individuals' health and wellness through programs that include a healthy eating plan, exercise and lifestyle education (the "**Pritikin Principles**"). Our affiliates and their predecessors have been offering various programs and resources (including residential life change programs, books, and prepared foods featuring the Pritikin Principles and the "Pritikin" name) since 1974. Our parent is Pritikin Enterprises LLC, a Delaware limited liability company, whose principal business address is 8755 NW 36th Street, Miami, Florida 33178. Neither we nor our affiliates have had a predecessor in the past ten years.

We have three affiliates, each of which is a Delaware limited liability company. The Florida Pritikin Center and Pritikin Trademark Company has its principal address at 8755 NW 36th Street, Miami, Florida 33178. Pritikin Foods LLC has its principal address at 7701 Forsyth Blvd., Suite 600, Clayton, Missouri 63105:

| **Affiliate** | **Description** |
|---|---|
| Florida Pritikin Center LLC | The Pritikin Longevity Center first began operating in December 1975. The Pritikin Longevity Center began offering the Pritikin ICR Program, principally as live lectures, in January 2012. This affiliate operates the Pritikin Longevity Center in Doral, Florida, and prepares and sells certain meals to its customers. |
| Pritikin Foods LLC | This affiliate operates an online retail "store," through which it offers various food condiments that includes spices, dressings, and sauces branded with the "Pritikin" name. |

| Affiliate | Description |
|---|---|
| Pritikin Trademark Company, LLC and The Pritikin Organization LLC | Our affiliate, Pritikin Trademark Company, LLC ("PTC") owns the "Pritikin" trademarks and other intellectual property, and The Pritikin Organization LLC (which is the parent of PTC), licenses the trademarks to us. |

We do not currently operate businesses similar to the businesses that are offered under this disclosure document. However, as noted above, our affiliate Florida Pritikin Center LLC operates the Pritikin Longevity Center, which has offered programs similar to those that licensees will conduct since January 2012. In the future, we or our affiliates may provide services at hospitals and other health care facilities that are not our affiliates using the Pritikin Principles. If we or our affiliates do so, these activities and operations may be similar to the businesses we are licensing other health care providers to operate under the Pritikin-certified ICR Program as described below.

Other than the licenses being offered in this Disclosure Document and providing training materials and certification services on an on-going basis to our licensees as described in this Disclosure Document, we do not and have not in the past offered franchises in this or any other line of business. Other than the activities described in this Item, we are not currently involved in other business activities. We first granted a license to a hospital (in a transaction that was exempt under the FTC Franchise Rule) in March 2013. Except for offerings that were exempt under the FTC Franchise Rule, we began offering the licenses described in this Disclosure Document in August 2013.

***The Pritikin Program and Pritikin-certified ICR Program***

The program that is offered under this Disclosure Document is unusual in that it is intended primarily for existing hospitals and cardiology practices. This Disclosure Document is prepared for use in New York only.

Among the programs that we and our affiliates have developed is our proprietary program that incorporates the Pritikin Principles into an intensive cardiac rehabilitation program. "**ICR**" program refers to a physician-supervised program that furnishes cardiac rehabilitation services with a more comprehensive lifestyle education component than in traditional other cardiac rehabilitation programs. Our ICR program has been approved by federal Centers for Medicare & Medicaid Services ("**CMS**") (an agency within the U.S. Department of Health & Human Services) for reimbursement of up to 72 sessions provided to qualifying patients, based on the current ICR program requirements under Medicare Part B (we refer to our ICR program as the "**Pritikin Program**"). CMS approval of the Pritikin Program was based on the research data derived from patients who participated in the Pritikin Program provided in a residential setting at the Pritikin Longevity Center in Florida and a former location in California.

To further expand the reach of the Pritikin Program, we also developed a program and system (the "**System**") through which health care facilities and other centers (which may include rehabilitation and fitness centers with medical offices) that provide cardiac rehabilitation (each a "**Provider**") to patients can convert their cardiac rehabilitation programs and become licensed and certified by us to offer and teach a program to their ICR patients that complies with the requirements that we have established relating to the Pritikin Program (the "**Pritikin-certified ICR**

**Program**"), and to use our Proprietary Marks (which are further described below) in connection with these activities. At this time, we anticipate that most Providers will be hospitals, acute care facilities, or cardiology practices, although we may receive inquiries from other providers as well.

As part of the System, we will train a participating Provider's key employees ("**Named Professionals**") in the Pritikin Program and provide our certification once the Provider satisfies all requirements to become certified by us, to provide the Pritikin Program (this is referred to as being "**Pritikin-certified**"). We also provide the Provider with access to resources useful to the Provider in implementing the Pritikin-certified ICR Program and in continuing to meet the requirements to be Pritikin-certified. Additional information regarding the training and certification process is provided in Items 8 and 11 of this disclosure document. Once a Provider is Pritikin-certified, we will provide it with our proprietary informational binders that its Named Professionals and ICR patients will use each time the Provider conducts the Pritikin Program for its patients. These are the "**Administrative Resource Binder**" and the "**Patient Resource Binder**" (and the current fees for these Binders are listed in Items 5 and 6). Each Provider that uses the System is referred to as a "**Pritikin-certified Provider**". Each Provider and its health care professionals retain full control and independent judgment regarding all medical, pharmaceutical, professional and ethical aspects of their medical and related health care practices, including all individual patients and their treatments.

In connection with a Pritikin-certified Provider's activities in conducting the Pritikin-certified ICR Program, Providers will use the "Pritikin" name, as well as other trademarks, service marks, trade names, signs, logos, and other indicia of origin that we may periodically designate (together, these are our "**Marks**") to identify itself as being part of the network of health care facilities that offers the Pritikin Program. The license to use the Marks does not extend to the Pritikin-certified Provider's overall medical and health care operations and facilities, but is limited to the portion of its operations that are devoted to conducting the Pritikin-certified ICR Program and to activities that we approve to promote the Provider's participation in the Pritikin Program (together these operations will be referred to as the "**Pritikin ICR Business**"). The features described above are not necessarily all elements of the System. We may change, improve, add to, delete from, and further develop the elements of the System from time to time. We will provide our mandatory and suggested specifications and procedures for the Pritikin Program in a collection of confidential materials (the "**Manuals**").

If you apply to become a Pritikin-certified Provider and we approve you, then we will both sign a license agreement, which is our Pritikin ICR Program Certification Agreement (the "**Certification Agreement**") (our current form of Certification Agreement is included as Exhibit A to this disclosure document). You will conduct your Pritikin ICR Program at only the facility (or facilities) that we determine acceptable and identify in the Certification Agreement (each facility will be a "**Facility**" and the space(s) at the Facility allotted for your operations of the Pritikin ICR Program with your patients will together be the "**ICR Space**"). This disclosure document describes the licenses we offer for Pritikin ICR Businesses and the support services we provide to Pritikin-certified Providers.

For each approved Facility, a Provider must have at least four "Named Professionals" (a Program Director, a Registered Dietitian, Healthy Mind-Set Professional and a Medical Director) as well as an exercise physiologist or specialist (an "Exercise Physiologist" or nurse), each of whom must meet the profession's standards for qualifications. Additionally, each of your Named Professionals must attend and complete, to our satisfaction, our training program. Additional information regarding the requirements regarding the Named Professionals and Exercise Physiologist positions and requirements or recommendations as to their qualifications and

certifications is included in Item 11 under "Training and Personnel". Additionally, you must provide us with the name(s) of the individual(s) on your staff (of employees or independent contractors) acting as your "Culinary Chef" for the patient cooking instructional classes that are part of our Pritikin ICR Program and a "Patient Liaison", responsible for talking with patients prior to enrollment in the Pritikin ICR Program to educate the Patients about the program and assist in the enrollment process as necessary.

We do not require that you hire personnel specifically for this function, but rather that you inform us as to who will perform these functions.

In addition to traditional in-person provided ICR sessions, we have developed a remote monitoring and patient engagement platform (the "**VICR Platform**") through which Pritikin-certified Providers can make available the Pritikin ICR Program materials to their patients and relevant clinicians and other individuals responsible for administering the Pritikin ICR Program in a virtual setting ("**Virtual ICR**"). Pritikin ICR Business will have the option, but are not required, to provide Virtual ICR services. In order to provide Virtual ICR, each Pritikin-certified Provider must sign our Virtual Intensive Cardiac Rehab Addendum to the Certification Agreement (the "**VICR Addendum**") under which we license you to use the VICR Platform and to provide Virtual ICR as part of your Pritikin ICR Business (our current form of VICR Addendum included as Addendum 1 to the Certification Agreement). Existing Pritikin ICR Businesses may choose to add Virtual ICR to their existing non-remote Pritikin ICR services. In the future, we may have licensees that conduct their Pritikin ICR Business solely through Virtual ICR. We do not charge a separate licensing fee for Virtual ICR, but any participant are required to pay an initial platform set-up fee (which charged by our VICR Platform vendor) and ongoing monthly technology fees associated with conducting Virtual ICR. Certification Payments payable to us will be based on the reimbursements rates for all ICR services provided, whether provided in-Facility or through Virtual ICR. (These fees are discussed in more detail in Items 5 and 6 of this disclosure document).

**The Market and Competition**

The market for medical services generally is well developed and increasingly competitive. The market is well established for cardiac rehabilitation services and is developing for intensive cardiac rehabilitation services. The growing needs of the population have increased the demand for medical services. Under Medicare's current guidelines, reimbursement is only provided for qualifying patients who receive care from approved ICR programs and have the diagnoses that include the following conditions, also covered under CR: acute myocardial infarction, coronary artery bypass surgery, current stable angina pectoris, heart valve repair or replacement, percutaneous transluminal coronary angioplasty (PTCA) or coronary stenting, congestive heart failure and heart or heart-lung transplant.

The Pritikin ICR Business that you will operate will compete with other medical care providers that offer, or that elect to begin offering, other cardiac rehabilitation services and ICR services, and may include centers operated as part of multi-unit regional or national brands and independent medical practices, hospitals, and hospital outpatient locations. As of the date of this disclosure document, we are aware of three programs approved by CMS as ICR programs: our Pritikin Program, Dr. Ornish's Program for Reversing Heart Disease, and Benson-Henry Institute Cardiac Wellness Program. In order for a program to gain approval by CMS an ICR program must show, in peer-reviewed published research, that it accomplished one or more of the following for its patients: (1) positively affected the progression of coronary heart disease; (2) reduced the need for coronary bypass surgery; and, (3) reduced the need for percutaneous coronary

interventions. The ICR program must also demonstrate through peer-reviewed published research that it accomplished a statistically significant reduction in five or more of the following measures for patients from their levels before cardiac rehabilitation services to after cardiac rehabilitation services: (1) low density lipoprotein; (2) triglycerides; (3) body mass index; (4) systolic blood pressure; (5) diastolic blood pressure; and, (6) the need for cholesterol, blood pressure, and diabetes medications. Individual ICR programs must be approved through the national coverage determination process to ensure that they demonstrate these accomplishments. Advances in technology and products may develop that will affect the market for the medical services and products. Qualified patients, through a physician referral, may choose any service provider, including other Pritikin ICR Businesses, so you and other Pritikin ICR Businesses in other areas in some instances might compete directly with each other for new patients.

**Specific Industry Regulations**

Any provider of cardiac rehabilitation services must be well-acquainted with the substantial and complex statutory and regulatory requirements that apply to the provision of those services. As described above, CMS issues regulations regarding Medicare's ICR program and specifies the required program components. A program must be certified by CMS to meet these standards in order to be an approved ICR program for Medicare reimbursement. Before any Provider can qualify for Medicare reimbursement of ICR programs, it must follow the CMS regulations and procedures to apply for and receive CMS' approval of the Provider and the facilities. Given the role of CMS and Medicare reimbursement for ICR services, any changes in the CMS payment amounts, CMS program requirements, and CMS restrictions could have a significant impact on ICR programs and businesses offering ICR services, including the Pritikin Program.

In addition to complying with CMS' regulations for ICR program reimbursement, you will be responsible for operating in full compliance with all laws that apply to your overall business and your Pritikin ICR Program. The medical and health care industry is heavily regulated. These laws may include the Patient Protection and Affordable Care Act, and other federal, state and local regulations relating to: the practice of medicine and the operation and licensing of medical services; restrictions or prohibition on fee splitting; physician self-referral restrictions (including the federal "Stark Law" and similar state laws); the relationship of providers and suppliers of health care services, on the one hand, and physicians and clinicians, on the other, including anti-kickback laws (including the Federal Anti-Kickback Statute and similar state laws); payment systems for medical benefits available to individuals through insurance and government resources (including Medicare and Medicaid); privacy and security of patient records (such as the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act of 2009 (the HITECH Act); use of medical devices; and advertising of medical services. It is important to be aware of the regulatory framework.

Each state has medical, nursing, physician assistant, cosmetology, naturopathic, chiropractic and other boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by their members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as (as applicable) medical doctors, registered nurses, nurse practitioners, and physician's assistants in the state (or jurisdiction) where the medical practice is located. Additional requirements for certifications and registrations relating to professional associations and registries may also apply. If a state or jurisdiction has such a law or regulation,

these laws and regulations are likely to vary from state to state, and these may change from time to time.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of your overall business, your medical and related health care facilities, and your Pritikin ICR Program. You must not employ any person as part of your Pritikin ICR Program in a position that requires a license or certification unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files.

If we license you to operate as a Pritikin-certified Provider, we are not engaging in the practice of medicine, nursing or any other profession that requires specialized training or certification. The Certification Agreement will not interfere, affect or limit the independent exercise of medical judgment by you and your medical staff. Your patients remain as your patients. It will be your responsibility for researching all applicable laws, and we strongly advise that you consult with an attorney and/or contact local, state and federal agencies before signing a Certification Agreement with us to determine your legal obligations and evaluate the possible effects on your costs and operations.

In addition, you must operate your Pritikin ICR Program in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, EEOC, OSHA, data collection and use, discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Pritikin ICR Program.

## ITEM 2
## BUSINESS EXPERIENCE

**Sam Fox – Chairman and Chief Executive Officer**

Mr. Fox has served as our Chairman and Chief Executive Officer since our formation in February 2013. Mr. Fox has also served in the same capacities for our affiliate, Florida Pritikin Center LLC since December 1998, except for the period from April 2007 to January 2009, when he served as the United States Ambassador to Belgium.

**Terry Rogers – President**

Terry Rogers has been our President since October 2018. Prior to joining Pritikin ICR, Mr. Rogers was the Chief Growth Officer of ExactCare in Akron, Ohio from November 2017 to October 2018. Prior to that, Mr. Rogers was employed by Express Scripts in various leadership roles from 2000 to 2014 and served as the President of the Health Plan Division at Express Scripts from February 2008 until March 2014.

**Dave Arnold – Vice President**

Dave Arnold has been our Vice President since our formation in February 2013. Mr. Arnold is also the Vice President of Finance for Fox Family Office, Inc. in St. Louis, Missouri and has served in that position since November 2004.

**Cindy Berner – Senior Director of Account Operations**

Cindy Berner is our Senior Director of Account Operations, previously our Director, Nutrition & Content since August 2012. Ms. Berner is a registered dietitian for over 30 years. Before joining us, Ms. Berner acted as a self-employed consultant in the field of nutrition, wellness, and health

promotion since 1991, and is located in St. Louis, Missouri. Additional information regarding her experience is included in Item 11 under "Training Program."

**Deanne Marselle – Director of Implementation**
Deanne Marselle is our Director of Implementation, previously an Account Manager since February 2016. Ms. Marselle is a MA, RD, LD for over 30 years. Before joining us, Ms. Marselle acted as the Director of Retail Divisions for MMS Medical Supply for over 10 years.

**John Cody – Vice President of Operations**
John Cody has been Vice President of Operations since May 2019. Prior to joining Pritikin ICR, Mr. Cody served as Vice President of Operations of Radialogica, LLC in St. Louis, Missouri from December 2016 to March 2019. Mr. Cody also was the Vice President of Operations for Express Scripts in St. Louis, Missouri from February 2014 to June 2015.

## ITEM 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

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

## ITEM 5
## INITIAL FEES

Training Fees

One of the requirements to become a Pritikin-certified Provider is that your four "Named Professionals, and cardiac rehabilitation staff must successfully complete our initial training program on the Pritikin-certified ICR Program, which is conducted over approximately 8 weeks through remote training and on-site teach back demonstration by cardiac rehabilitation staff facilitated by the Pritikin ICR staff, educational materials, and self-paced learning modules. Our training fee is currently $19,500 for the entire training program (the "**Training Fee**") which applies for each Facility, except as noted below. The exact scheduling of the Training Program's components will depend upon Facility's readiness to open and Provider and staff availability. If you will open more than one Facility at the same time (or within a reasonably close time period) and your staff for those Facilities attend and complete the required training at the same time, we will charge the Training Fee one time, rather than for each Facility.

We do not require that you pay the Training Fees before you begin operating. But rather, you must pay the Training Fees within 30 days of the time you first begin billing patients for the Programs that you provide. The Training Fees will be fully earned when training is completed and are not refundable.

The range of training fees paid per franchisee in 2021 was between $12,500 (for an existing licensee that was opening additional facilities) and $20,000. We do not offer financing for

these fees. Additional information regarding the requirements regarding the Named Professionals and other staff positions and requirements or recommendations as to their qualifications and certifications is included in Item 11.

Purchase of Binders

Binders. During training, we will provide you with copies of our proprietary Administrative Resource Binder, individual Workshop Binders, Master Workshop Binder, and Patient Resource Binders (together "**Binders**") that each of your Named Professionals and ICR patients will use each time you conduct the Pritikin Program. We provide you with copies of the Administrative Resource Binder, individual Workshop Binders, and Master Workshop Binder based upon the number of Named Professionals at your Facility, at no charge. We also provide you with up to 15 copies of the Patient Resource Binder at no charge. Before you begin conducting the Pritikin-certified ICR Program for your patients, you must obtain from us a sufficient number of Patient Resource Binders to provide one copy to each patient who you expect to take the Pritikin-certified ICR Program within 60 days of signing the Certification Agreement. The current fee for the Patient Resource Binder is $39.25 per Binder, available in case quantities of 15. For example, based on an order of 15 Patient Resource Binders, your purchase costs before you begin operating your Pritikin ICR Business will be approximately $588.75 plus shipping, handling, and any applicable taxes. Your actual costs for Patient Resource Binders will vary depending on the number of Binders you elect to purchase before beginning operations. You will reorder Binders from us as needed to meet your volume of patients. Purchases of binders are not refundable.

Virtual Platform Set-up Fee

If you wish to offer Virtual ICR as part of your Pritikin ICR Business, then you must sign the VICR Addendum. We do not charge any initial fees or payments for the license to use the VICR Platform, but you are required to pay a $5,000 implementation fee. The implementation fee is payable in lump sum to us when you sign the VICR Addendum, and we in turn will pay this fee to cover the fees charged by the vendor that hosts and maintains the VICR Platform for us. The implementation fee is not refundable.

## ITEM 6
## OTHER FEES

| Type of Fee (Note 1) | Amount | When Due | Remarks |
|---|---|---|---|
| Certification Payments | A fixed per session fee in the amount of approximately $19 for each ICR or CR session that you administer (Note 2). | Monthly – by the last day of the month following the month in which the CR and ICR sessions were administered (see remarks). | Certification Payments are based on CR and ICR sessions provided during the prior month (including ICR provided to patients participating at a Facility and ICR provided as Virtual ICR). You must enter all required data into the Pritikin data portal ("Portal") on a timely basis. You must input new patient enrollment data into the Portal within 3 working days of Patient enrollment. Patient session attendance for videos must be input into the Portal, and Patient exercise and other ICR sessions must be input into the Portal every day an exercise or other ICR session takes place. Required reports not submitted using the Portal must be submitted on forms that we designate or agree to accept. (Notes 2 and 3). |
| Training Fee for Certification or Additional Persons | Our then-current standard Training Fee, which is currently $19,500 per Facility* for initial training. | Within 30 calendar days of the time as Provider begins billing of Pritikin ICR sessions | Any replacement Named Professional must successfully complete training to become certified. There are no additional Training Fees related to these individuals. (See Note 4).<br>*If training is conducted at same time for multiple Facilities that you will open in the same period, we will charge one Training Fee, rather than for each Facility. |
| VICR Platform User Fees | Varies, currently ranges from $95 per month to $135 per month | Monthly with the Certification Payments | These fees are required if you participate in the VICR Platform. See Note 5. |
| VICR Kits | Varies, based on Provider's choice to buy and selection of patient monitoring kits | Monthly with the Certification Payments | These purchases are optional if you if you participate in the VICR Platform. See Note 6. |

| Type of Fee (Note 1) | Amount | When Due | Remarks |
|---|---|---|---|
| PritikinLive | $75 per Educational Encounter | Monthly with the Certification Payments | This service is optional for purchase on a month-to-month basis during the contract term. See Note 7. |
| Audit | If there is an understatement, our reasonable costs of conducting the examination or audit, including travel, lodging, expenses and accounting and legal fees. | Upon demand, if incurred | Applies only if an examination or audit of your books reveals an understatement of more than 5% of the fees and charges you were required to pay for the period covered by the examination or audit, or if you are in material breach of the Certification Agreement. See Note 8. |
| Interest on Late Payments | 1.5% per month (or highest rate permitted by law, if less). | With payment of overdue amount | We have the right to charge interest on any payment that is past due. Interest accrues from the date due until paid in full. You must also reimburse us for any costs we incur, including reasonable attorney's fees, to collect amounts you owe us. Unpaid interest charges will compound annually. |
| Indemnification | Our actual costs | Upon demand, if incurred | You must indemnify us, and reimburse us for our costs, damages, expenses and losses (including any settlement, judgment, as well as our attorneys' fees) if we are sued, otherwise have claims brought against us, or held liable in any claim having anything to do with your business operations, or in connection with any unauthorized or improper disclosure or use of our confidential information. |
| Taxes and Other Assessments | The amount of taxes and assessments imposed. | Upon demand | You will be responsible for any and all taxes due, assessments or other charges of any kind that may be imposed on us (or you) by any governmental taxing authority as a result of goods or services provided under the Certification Agreement other than any taxes that are based upon our income. |

| Type of Fee (Note 1) | Amount | When Due | Remarks |
|---|---|---|---|
| Post Termination and Post Expiration Expenses | Our actual costs. | Upon demand. | You must reimburse us for all expenses we incur (including reasonable attorneys' fees) to enforce your post termination obligations. |

**Notes**

1. General - We impose and collect all fees, except as otherwise noted above. For all fees and charges, you must use the payment method we designate, which may include electronic funds transfer. All fees are non-refundable. All fees are uniformly applied to new system licensees (Providers) based on the categories described in Note 2 below and are non-refundable. However, in some instances in which it is appropriate to do so we may in the future waive or defer some or all of these fees for a particular licensee, and the Certification Payment rate was lower for licensees of hospital outpatient settings who were our "pilot" licensees or became involved with our System before the date of this disclosure document.

2. Certification Payments - You must, on a monthly basis, pay to us a certification payment, which will be a fixed fee for each ICR (including any Virtual ICR) or CR session that you administer during the prior month (the "**Certification Payments**"). The Certification Payments will be approximately $19 per session, but may vary based on the circumstances of each Provider. We expect that the rate will typically range from $19 to $22. The rate will be determined in advance through a process of arms-length negotiations and are consistent with fair market value under the circumstances.

As described in Items 8 and 16, once a Provider joins the System it will convert its program for cardiac rehabilitation patients into the Pritikin-certified ICR Program and offer only the Pritikin-certified ICR Program once it has become a "Pritikin-certified Provider". The exception to this requirement is that, if patients do not have Medicare coverage and their primary insurance coverage does not include reimbursement for the Pritikin-certified ICR Program, you may offer your CR program to any such patient so long as you have submitted for each such patient a request for coverage for the Pritikin-certified ICR Program and used your best efforts to obtain coverage for the Pritikin-certified ICR Program from the patient's primary insurance coverage. If you offer CR sessions under this exception, your requirement to make Certification Payments will include those CR sessions.

You must make these payments by means of check or ACH (electronic fund transfer as we designate). No portion of the Certification Payment is intended to be, or is, an inducement or payment of a patient referral to the Pritikin ICR Business.

3. Reports. You must input new patient enrollment data into the ICR Portal within three working days of Patient enrollment, and you must also submit certain data via the ICR Portal on a daily basis.

4. Training. For any training that we provide to you and your personnel, you are responsible for expenses incurred while they attend training, including salaries, benefits, meals and other related expenses. Additional details are in Item 11 of this disclosure document.

5. VICR Platform User Fees. As described in Item 1, we offer Pritikin ICR Businesses an optional license to provide Virtual ICR services using our VICR Platform. To do so, you must sign the VICR Addendum. Monthly user fees will apply during the term of the VICR Addendum. Currently, these fees are set by the vendor that hosts and maintains the VICR Platform, and we collect the fees and pay them to the vendor. The current fees are: (a) $95 per month if you choose the "Bring Your Own Device" modality, or (b) $135 per month if you choose the "Managed Device Model" modality. Additional details regarding the VICR Platform and the modalities is included in Item 11 under "Computer Hardware and Software."

6. VICR Platform Kits. If you participate in the VICR Platform, you may choose to purchase optional sets of peripheral devices (referred to as "Kits") for use by the patients to collect patient biometric information that may be provided to complement, or be used in lieu of, patient-reported vitals. Currently, the Kits offered contain blood pressure cuff, weight scale, and pulse oximeter, and may be Bluetooth-enabled or non-Bluetooth. At this time, the costs are $245 per Kit of Bluetooth enabled devices, and $95 per non-Bluetooth Kit. The purchase and use of the Kits is optional and each Provider will determine whether and how many Kits to purchase at any time. To the extent, you order Kits, we send you invoice for the Kits in the month following delivery of the Kit to you.

7. PritikinLive Personnel Services. In 2022, Pritikin began offering this optional personnel service that allows licensed providers to contract for Pritikin personnel to fill temporary cardiac rehab staffing needs. The Pritikin personnel will administer Pritikin ICR workshops, cooking demonstrations and one-on-one education sessions as mutually agreed upon and scheduled with the Provider. The current price of this optional service is $75 per Educational Encounter and is subject to change in the future. If you wish to obtain these services, you will sign the PritikinLive Agreement, which is included as Addendum 2 to the Certification Agreement). We may modify or cancel this optional service in the future.

8. Audit Costs. As noted in above, this applies only if an examination or audit of your books reveals an understatement of more than 5%, or if you are in material breach of the Certification Agreement. The amount of audit costs will be determined by the auditors, legal advisors and other professionals who provide the audit services. These costs will vary based on the fees charged by these professionals, travel costs, the scope of the audit needed, the degree to which you cooperate in terms of providing information, the time it takes the auditors to review your records, and inflation.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure (See notes 1, 2) | Amount | Method Of Payment | When Due | To Whom Payment Is Made |
|---|---|---|---|---|
| Training Fee (see Item 5 and 11) | $19,500 | Lump Sum | Within 30 days after you first begin receiving revenue from conducting the Program | Us |
| Patient Resource Binders (Note 3) | $589 - $3,925 | Lump Sum | Within 30 Days of Invoice Date | Us |
| VICR Implementation Costs (if applicable) (Note 4) | $0 - $5,000 | Lump Sum | When you sign the VICR Addendum | Us (to pay to VICR platform vendor charges) |
| Real property - rent and deposit (Note 5) | $0 | Not applicable | Not applicable | Landlord |
| Leasehold improvements (Note 6) | $0 | Not applicable | Not applicable | Contractors |
| Furniture, Fixtures, Office Equipment and Supplies (Note 7) | $0 | Not applicable | Not applicable | Vendors |
| Cooking Equipment (Note 8) | $0 - $10,000 | As arranged | As incurred | Vendors |
| Computer and Business Software (Note 9) | $0 | Not applicable | Not applicable | Vendors |
| CMS Enrollment Application Fee (Note 10) | $631 | Lump Sum | Before beginning operations | Medicare Enrollment Authority |
| Business Licenses & Permits (Note 11) | $0 | Not applicable | Not applicable | Licensing authorities |

| Type of Expenditure (See notes 1, 2) | Amount | Method Of Payment | When Due | To Whom Payment Is Made |
|---|---|---|---|---|
| Professional Fees – Legal & Accounting (Note 12) | $5,000 - $10,000 | As arranged | Before beginning operations | Professional advisors |
| Insurance (Note 13) | $0 (or unknown) | As Arranged | Before beginning operations | Third parties |
| Training Expenses (Note 14) | $0 | As Incurred | Before beginning operations | Transportation, and service providers |
| Additional Funds (3 Months) (Note 15) | $0 - $26,000 | As Incurred | As Incurred | Patient liaison, employees, Vendors, etc. |
| Total (Note 16) | $25,720 - $75,056 | | | |

**Notes:** You should review the chart in conjunction with the following notes.

1. The chart above describes the estimated initial investment needed for a Provider to prepare its personnel and operations at one facility so that the Provider can become a Pritikin-certified Provider and conduct the Pritikin-certified ICR Program for the Provider's ICR patients at the Provider's already-existing facility. Additionally, as described in Note 4 below, a Provider may also elect to provide Virtual ICR services as part of its Pritikin ICR Business by participating in our VICR Platform.

   Of course, the estimates provided in this Item and this disclosure document do not include all of the costs needed to establish a hospital or another health care practice or facility. Among other things, the estimated costs do not include costs to build and equip a hospital in general, or to purchase or lease health care equipment and furnishings and fixtures used in providing health care, costs for build-out and leasehold improvements for the medical office, rent for an office, or supplies, or working capital generally related to operating a medical practice. We anticipate that you would have already incurred these costs in connection with your existing health care facilities and operations if it was not operating in our System.

   As described in Item 1, each location at which a Provider will conduct the Pritikin-certified ICR Program is a Facility and the space at the Facility allotted at the Facility for the operations of the Pritikin ICR Program is the "ICR Space." The Provider may have one or more locations that we certify to be a Facility, and each will be identified in the Certification Agreement. The estimates in the table above are for one Facility.

2. All payments to us are non-refundable. None of the other estimated expenditures listed in the chart are refundable, unless you are able to negotiate the refunds with the vendors of a particular product or service. We do not offer direct or indirect financing for your initial investment. The availability and terms of financing from other sources will depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions.

3. As described in Item 5, your Pritikin ICR Business must use our proprietary Administrative Resource Binder, Workshop Binders, and Patient Resource Binders each time you conduct the Pritikin Program. See Item 5 for additional details. We estimate that during the first three months of operation, you will need a total of approximately fifteen (15) to one hundred (100) Binders (estimated cost of approximately $588.75 to $3,925 for additional orders of Patient Resource Binders) based upon your patient volume. These estimates assume that each participant receives one Binder.

4. We offer Pritikin ICR Businesses an optional license to provide Virtual ICR services using our VICR Platform. To do so, you must sign the VICR Addendum and pay a $5,000 implementation fee. The implementation fee is payable in lump sum to us when you sign the VICR Addendum. This fee is set by the vendor that hosts and maintains the VICR Platform. Providers participating in the VICR Platform may also choose, at any time during the term of the VICR Addendum, to purchase "Kits" of peripheral devices for use by patients in collecting biometric information. The current costs for these Kits are described in Items 6 and 11 of this disclosure document.

5. Because operating under the Program does not require any additional facilities, the estimates in this Item 7 above do not include amounts for rent, security or utility deposits for the premises or leasehold improvements that are generally incurred in starting or operating a health care facility.

   Of course, any Provider wishing to operate a medical office or facility will need a site that is appropriate for the Provider's particular practices or fields of medicine and related health care services, regardless of whether they chose to offer the Pritikin-certified ICR Program as part of our System. Additionally, the square footage, improvements and other aspects of a site that are needed, or desired, will vary among medical providers depending upon a variety of factors. These factors include: practice specialties, health care related services, equipment and rooms needed to perform the services, number of doctors and other medical professionals that will work at the location, characteristics of their patients, doctors' desired type of site (for example, professional building, medical building, professional office suite, office and medical park, or retail centers) and other factors. Therefore, our estimates do not include any amounts for rent and related deposits and build-out of leasehold improvements generally applicable to a medical and health care facility (which would be necessary to operate the Provider's business regardless of whether it offers the Pritikin-certified ICR Program).

6. Providers will conduct the Pritikin-certified ICR Program for their ICR patients at the Provider's existing facilities, or from their existing facilities for Virtual ICR. As part of the Pritikin-certified ICR Program, Providers will need space that is suitable for exercise, patient video viewing, and cooking demonstrations, .and yoga classes. The space does not need to be dedicated solely to these activities and may be multi-purpose rooms. We expect that a Provider's existing facilities include suitable multi-purpose space. We do not expect that Providers will need to make any lease improvements to their existing facilities in order to become a Pritikin-certified ICR Provider, and as such the estimates do not include leasehold improvement expenses. If, however, a Provider elects to develop or improve rooms that it will dedicate to these functions, they may incur costs in doing so. We do not provide estimates for these types of optional expenses because we do not require these types of improvements and the scope of any improvements would be determined entirely by the Providers.

7. Provider will already have office furniture, fixtures, equipment and supplies that are sufficient for their operations. As such, no additional expenses are anticipated for office furniture and fixtures. If however, a Provider does not already possess appropriate items for patients' participation in the activities (such as ergonomic or sufficient weight bearing chairs in video viewing areas), the Provider will need to purchase additional appropriate items.

8. Our program includes patient cooking instructional classes. To conduct the cooking classes, Providers need to have certain items, including tables and cooktops for demonstration purposes. If a Provider does not already have these items (and we expect that many Providers will already have these items), it will need to purchase them. To develop these costs estimates using up to 16 participants in a class, we factored the equipment required to complete the cooking school education template we provide. A patient completing the full program would represent approximately $12.50 in costs for recipe ingredients (currently estimated at approximately $1.04 per sample). The costs that a Provider will incur may vary based on a number of factors, including existing vendor relationships for equipment purchases, the availability of existing equipment, and the Provider's choice of brands (should it choose premium items). If a Provider elects to obtain additional cooking equipment or related items to use in the cooking classes and related activities, the Provider's costs may exceed the costs reflected in the table above. Each Provider will be responsible for complying with any health code requirements necessary to provide cooking school.

9. We have developed the ICR Portal, which is designed to assist with data collection, tracking and monitoring. You will access the ICR Portal using web-based software that we will provide at no charge. The software may be used through commonly available PCs, and because each Provider will already be operating a health care facility, we expect that all Providers will already possess the computer related components necessary to access and use the ICR Portal in the manner that we require. As such, we do not expect that you will incur any additional expenses specific to the computers and software needed to operate the Pritikin ICR Business. Videos will be shown on a big screen and/or on individual personal computers (with headphones). We anticipate that Providers will already own these.

10. As described in Items 1 and 8, as part of becoming a Pritikin-certified Provider, you must obtain CMS' approval as an approved ICR supplier for Medicare reimbursement. To do so, you must submit an application to the appropriate CMS authority and pay the application fee, which is currently $631. This fee applies to providers that are newly-enrolling, re-enrolling/re-evaluating, or adding a new practice location.

11. You must comply with all federal, state and local licensing requirements at your own expense. See Item 1 regarding the potentially applicable laws and rules, and state professional licensing boards that govern their members. The laws and rules governing your operations, and their possible effects on your costs, may vary significantly. You must comply with these requirements regardless of whether you choose to become a Pritikin-certified Provider and conduct the Pritikin-certified ICR Program in connection with your existing medical facilities and services. Therefore, the chart above does not include costs to comply with these requirements.

12. This estimate is primarily for the services of an attorney, accountant, and other professional advisors to review this disclosure document, the Certification Agreement, and your business plan, and consult with you regarding the laws that may apply to your Pritikin ICR Business. We strongly recommend that you seek the assistance of professional advisors or contact local, state and federal agencies before signing a Certification Agreement with us to determine your legal obligations and evaluate their possible effects on your costs. You may experience different rates for professional fees in your market. It is best to ask your professional advisors for their fee schedule before engaging them to perform any services.

13. You must obtain the minimum required insurance listed in the Certification Agreement and as necessary to satisfy all legal requirements in your area. Providers must already maintain insurance coverage for their existing practices and facilities, unless they are permitted to self-insure. The range of costs for the insurance maintained by Providers will vary based on their operations and we do not have information about their costs, or the costs to name us as additional insureds. You should check with each carrier for actual premium cost. Cost of coverage will vary based on the area in which the business is located, your claims experience with the insurance carrier, the carrier's loss experience, and other factors beyond our control. See Item 8 for a description of our insurance requirements. Our insurance requirements are minimums and we do not represent or guarantee that they are sufficient for your needs; we strongly recommend that you purchase any additional coverage that you believe you will require.

14. As the training is held remotely and on-site at your facility, there should be no additional travel costs incurred.

15. As described in note 1 above, the estimates above do not include any amounts for working capital generally related to operating a health care facility. Any health care facility will have ongoing expenses and will need funds to cover these expenses or operation such as for rent, financing costs, payroll, or any salary or owner's compensation that you may choose to pay to yourself. These costs may vary significantly between medical facilities based on a variety of factors – including number of doctors and medical professionals working in your facility, and wages in your area for medical professionals. You will incur these expenses in your health care facility regardless of whether you chose to participate in the System. The amounts shown above for working capital funds are limited to the following business and management aspects attributable to operating as a Pritikin-certified Provider. As described in Item 1, you must have four Named Professionals (a Program Director, Registered Dietitian, Mental Health Professional and Medical Director). You must identify for us the individual on your staff (of employees or independent contractors) who will act as your "Culinary Chef" for the patient cooking instructional classes that are part of our Pritikin ICR Program. We do not require that you hire personnel specifically for this function, but rather that you inform us as to who will perform this function. You must identify for us the individual on your staff who will act as your Patient Liaison to talk with and enroll patients for ICR. As Providers already operate health care operations with CR or ICR services, Providers may already retain the services of persons who will be qualified to serve as Named Professionals, fulfill the above functions, and serve as a patient liaison for their Pritikin Program. The low end of the estimate shown is for circumstances where a Provider already retains the services of these persons and will not incur incremental, salary or other compensation expenses. The high end of the range includes the hiring of one person to serve as the Registered Dietitian and assumes an annualized salary of $40,000 to $65,000 (including benefits), and one person to serve as a part-time Patient

Liaison at an annualized salary of $39,000 (the estimate includes these costs for a three month period). Additional expenses that you will incur include Certification Payments, but we do not estimate those amounts in this disclosure document. Our estimate is based on our experience with the System, the experience of our affiliate in developing and conducting Pritikin-certified ICR Programs, and on available information regarding the medical industry and cardiac rehabilitation services.

16. You should review these figures carefully with a business advisor before making any decision to invest in this license opportunity.

## ITEM 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Each Provider that joins the System will convert its program for cardiac rehabilitation patients into the Pritikin-certified ICR Program, and once becoming a "Pritikin-certified Provider" will offer only the Pritikin-certified ICR Program as its ICR services. (The exception to this requirement is that, if patients do not have Medicare coverage and their primary insurance coverage does not include reimbursement for the Pritikin-certified ICR Program, you may offer your CR program to any such patient so long as you have submitted for each such patient a request for coverage for the Pritikin-certified ICR Program and used your best efforts to obtain coverage for the Pritikin-certified ICR Program from the patient's primary insurance coverage.) Other than their activities in connection with providing the Pritikin-certified ICR Program, we do not specify restrictions on the services or products that our licensees may use or offer for sale as part of their overall operations as Providers of healthcare services.

Certification Process. There are three general phases in the certification process – Medicare ICR enrollment approval, training in the Pritikin-certified ICR Program, and becoming Pritikin-certified.

1. *Medicare ICR enrollment approval*: In order to operate a Pritikin ICR *Business*, a Provider must already be approved for reimbursement by Medicare based on the current ICR program requirements contained in Medicare Part B. We will issue a Provider letter indicating Provider's suitability for use of the Pritikin Program for proceeding with enrollment as an ICR supplier (the "**Pre-certification Letter**"). Each Provider will have to submit the appropriate forms with CMS to enroll the Provider and its facilities as an ICR supplier using a Pritikin-certified ICR program.

2. *Training.* We will provide our training program, which is further described in Item 11.

3. *Pritikin Certification.* The Pre-certification Letter does not certify Provider to conduct the Pritikin-*certified* ICR Program. The requirements to become Pritikin-certified include successful completion of the training program, obtaining CMS approval as an approved ICR supplier for Medicare reimbursement, and providing Pritikin ICR with a Certificate of Insurance listing Pritikin as an additional insured. When we determine that a Provider has met the certification requirements, we will issue a Provider facility specific certification indicating that Provider is Pritikin-certified to offer and teach a Pritikin-certified ICR Program at its Facility ("**Provider Certificate**"). No Provider has been turned down as of the date of this disclosure document.

Once you become Pritikin-certified as a Provider, you must follow the Pritikin-certified Program and must start offering the Pritikin-certified ICR Program as soon as reasonably

practicable. Providers must also comply with all requirements issued by CMS regarding ICR Program and CMS certification, including tracking of patient progress in the program. Each Provider must make this information available to us upon our request, both for individual patients and as a collective group of patients that have participated in the Pritikin-certified ICR program.

- Binders. As described in Item 1, once a Provider is Pritikin-certified, during the initial training program we will provide the Provider with our proprietary informational Binders (the Administrative Resource Binder, Workshop Binder, and Patient Resource Binders), which the Provider's Named Professionals and ICR patients will use each time the Provider conducts the Pritikin Program for its patients. Based upon the number of Named Professionals at your Facility, we will provide you with an initial supply of the Administrative Resource Binder, Workshop Binders, and Patient Resource Binders to be used during training, at no change. You must purchase additional Patient Resource Binders from us (the current fees for these binders are in Item 5) on an as-needed basis. Updates to the Administrative Resource Binder will be provided for free.

- Brochures. We have developed brochures used in connection with offering the Pritikin ICR Program. These will be viewed by your physicians and patients each time you introduce the Pritikin ICR Program. We currently provide the patient informational brochures and the physician brochures to licensees at no charge. You will reorder the brochures from us as needed to meet your volume of patients.

- Pritikin ICR User Portal. As described in Item 7, we have developed the ICR Portal, which is a web-based user portal that is designed to assist with delivery of Pritikin ICR educational lectures, data collection, tracking and monitoring patient attendance and progress. Providers must use the ICR Portal on a daily basis and input new patient enrollment data and other information into the Portal according to our standards and required time frames. You must use computer hardware, web browsers, and/or operating software and/or communications equipment that are compatible with the ICR Portal. We expect that all Providers will already possess the computer related components necessary to access and use the ICR Portal in the manner that we require. See Item 11 for additional information.

- Pritikin Virtual ICR and VICR Platform. If you wish to offer ICR services using remote or virtual means, you may do so only as part of our Virtual ICR program and using our VICR Platform. We have developed the VICR Platform and, under the VICR Addendum, license Providers to use the VICR Platform and technology to provide VICR Services to their patients. The VICR Platform is hosted, maintained and updated, by our subcontractor Broad Axe Care Coordination, LLC d/b/a Locus ("Locus"). Providers will chose between the "Bring Your Own Device" ("BYOD") modality, in which the components of the Platform (delivered via Software-as-a-Service "SaaS") are delivered through the Provider's devices (such as smartphones), or the "Managed Device Model" modality in which Pritikin leases the Provider an iPad that is fully configured for the VICR Platform services. We also offer Providers the opportunity to purchase optional Kits of peripheral devices for use by the patients to collect patient biometric information that may be provided to complement, or be used in lieu of, patient-reported vitals. At this time, there are two Kits available, one uses Bluetooth enabled devices and the other uses non-Bluetooth enabled devices. Additional details regarding the VICR Platform and the modalities is included in Item 11 under "Computer Hardware and Software." You may not use any non-approved devices or applications in connection with the VICR Platform.

- Food Preparation. Pritikin has established standards and guidelines for foods items and food preparation in order to meet the standards necessary for the Pritikin ICR Program. We and our affiliate may periodically revise the guidelines. For food served in the ICR Space, you may serve only foods that we have approved or that meet Pritikin guidelines. We have the right to oversee, inspect, and approve the food preparation process. Additionally, we provide Pritikin-approved recipes ("**Pritikin Recipes**") for you to prepare foods for Patients in cooking workshops. You may also prepare from Pritikin Recipes food for visitors at your Facility, or your cafeteria or for room, and if you do so you must identify the items as "Pritikin Approved" in the manner that we approve in our guidelines. We may discontinue your permission to prepare Pritikin Recipe Foods at any time upon two weeks' advanced notice.

- Prepared Foods. Our affiliates have developed a line of prepared condiments that our affiliate, Pritikin Foods LLC, offers and sells under the "Pritikin" name. We do not currently sell "Pritikin" prepared food items to Providers for resale by Providers to their patients who are participating in the Pritikin-certified ICR Programs. If we or our affiliates begin selling these items to Providers, we or our affiliates will derive revenues from the sale of these items to Providers, which we expect to sell at wholesale prices, subject to a Reseller Agreement.

- Insurance. You must obtain and maintain a general commercial liability insurance policy and professional liability/medical liability coverage with an endorsement naming us as additional insureds. These are our standard requirements, which will apply unless you and we agree upon different amounts or coverages. The policy coverage will be primary to any other insurance coverage available to us and must provide for coverage of your obligations in connection with the Pritikin Program with limits of liability (relating solely to those obligations) of not less than $1,000,000 per occurrence and not less than $3,000,000 in the aggregate. These insurance policies must be placed with a carrier with a Best's Rating of "A" or better. The coverage amounts required above may be provided by a single policy or combination of primary and excess or umbrella policies. You must have this coverage in effect at the time you sign the Certification Agreement and you must keep the coverage in force at all times. You must maintain this coverage during the term of the Certification Agreement (including any renewals) and for a period of three years following expiration or termination of the Certification Agreement.

  In addition, you must obtain any other coverage required by law in your state. You will be responsible for determining what additional coverage is required. You must supply us with a certificate of insurance at the time you sign the Certification Agreement and provide a copy of your annual renewal confirmations through the third anniversary of your expiration or termination of the Certification Agreement.

* * *

Other than the items and services described above, we do not require that Providers purchase items or services from us, our affiliates, or designated or approved vendors. The Patient Resource Binders, brochures, VICR Platform and related software, and Pritikin-prepared foods are proprietary to us, and we or our affiliates are the only suppliers of these items.

We estimate that your purchases or leases from us, designated and/or approved suppliers, or otherwise in accordance with our specifications will represent, collectively,

approximately 2% to 12% of your total purchases of goods and services in preparing your existing medical business to be a Pritikin ICR Business. Similarly, we estimate that these purchases (these ongoing purchases are limited to Binders; there are no leases) will represent approximately 1% of the ongoing purchases or leases of products and services that you incur to operate your medical business as a Pritikin ICR Business. The above calculations are limited to the purchases or leases of good and services that are specific to being a Pritikin ICR Program. The calculations do not include any leases, purchases, operating expenses or other costs that apply to your overall business as an operator of medical and health care facilities, which may vary significantly depending on a number of factors including the type of facility and variety of services offered.

During our most recent fiscal year (which ended December 31, 2021), we had revenues of approximately $352,008 from the sale of items to Providers, which represented approximately 4.3% of our total 2021 revenues of $8,226,313.

None of our officers owns an interest in any companies that are vendors or suppliers to Pritikin-certified Providers.

We do not receive rebates, credits, monies, payments and benefits offered to us or to our affiliates by suppliers based upon your purchases of products and other goods and services. There are no purchasing or distribution cooperatives that exist at this time relating to the Pritikin ICR Businesses. We currently do not intend to negotiate purchase arrangements with suppliers, as our licensees select all of their products or services, other than the items stated above. As such, we do not provide material benefits to you based upon your use of designated or approved sources or your purchase of particular products or services.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Certification Agreement | Item(s) in Disclosure Document |
|---|---|---|
| a. Site selection and acquisition/lease | Not applicable | Item 11 |
| b. Pre-opening purchases/ leases | Sections 4.1 and 4.2 and Appendix 2, Paragraph 2 | Items 7 and 8 |
| c. Site development and other pre-opening requirements | Section 1 and Appendix 2, Paragraphs A and B | Items 8 and 11 |
| d. Initial and ongoing training | Sections 1.1, 1.2 and 4.2, and Appendix 2, paragraphs A & B; VICR Addendum, Section 2 | Item 11 |
| e. Opening | Section 6.1 | Item 11 |

| Obligation | Section in Certification Agreement | Item(s) in Disclosure Document |
|---|---|---|
| f. Fees | Sections 3.2(b), 4 and 8, and Appendix 2; PritikinLive Addendum, VICR Addendum, Section 4 | Items 5 and 6 |
| g. Compliance with standards and policies/Operating Manual | Sections 1 and Appendix 2 | Items 11 and 14 |
| h. Trademarks and proprietary information | Sections 5 and 12.1 through 12.7; and Appendix 1 | Items 13 and 14 |
| i. Restrictions on products/ services offered | Sections 2 and 3 VICR Addendum, Sections 5 and 6 | Item 16 |
| j. Warranty and customer service requirements | Not applicable | Item 16 |
| k. Territorial development and sales quotas | Not applicable | Item 12 |
| l. Ongoing product/service purchases | Sections 3.2 and 4.2, and Appendix 2; VICR Addendum, Section 4 | Item 8 |
| m. Maintenance, appearance and remodeling requirements | Not applicable | Item 8 |
| n. Insurance | Section 10 | Items 7 and 8 |
| o. Advertising/Promotions | Section 5, and Appendix 1, paragraph 4 | Items 6 and 11 |
| p. Indemnification | Section 10.3 | Item 6 |
| q. Owner's participation/ management/staffing | Appendix 2, Paragraph A | Item 15 |
| r. Records/reports | Section 8 and Appendix 2, Section C | Item 6 |
| s. Inspections/audits | Section 8 | Item 11 |
| t. Transfer | Section 13.4 | Item 17 |
| u. Renewal | Sections 6.2 and Appendix 3 | Item 17 |
| v. Post-termination obligations | Sections 7.5 12.4 and 12.7 | Items 6 and 17 |
| w. Non-competition covenants | Sections 2.3 and 12.7 | Item 17 |
| x. Dispute resolution | Section 13.6 | Item 17 |

## ITEM 10
## FINANCING

We do not offer direct or indirect financing to you. We do not guarantee any promissory note, lease, or other obligation you may make to others.

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

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

Our Pre-Opening Obligations

Before you begin operating your Pritikin ICR Program, we will do the following:

1. We will issue to you an approval letter indicating the Provider's suitability for use of the Pritikin ICR Program, which letter you will use for proceeding with Medicare enrollment to become an ICR supplier (Certification Agreement, Sections 1.1 and Appendix 6).

2. We will provide a training program on the Pritikin-certified ICR Program for your Named Professionals and other required personnel (Certification Agreement, Sections 1.2, 4.2 and Appendix 2). See below in this Item under "Training" for additional details.

3. Once we determine that you have met the certification requirements, we will issue a certification certificate, which will indicate that Provider is Pritikin-certified to offer and teach a Pritikin-certified ICR Program (Certification Agreement, Sections 1.2 and Appendix 3).

4. We will provide the Administrative Resource Binder, Workshop Binders, and Patient Resource Binders that your Named Professionals and other staff will use in conducting the Pritikin-certified ICR Program with each patient. We provide an initial set of the Administrative Resource Binders, Workshop Binders, and Patient Resource Binders used during training without charge. There is a fee for the additional Patient Resource Binders on an as needed basis (Certification Agreement, Sections 4.2 and Appendix 2).

**Our Obligations after You Begin Operating**

During the operation of your Pritikin ICR Business, we will do the following.

1. We will provide you training materials, including patient educational lecture videos (which are currently provided via secure online access), and a physician sell-in video and patient sell-in video. (Certification Agreement, Sections 1.2, 4.2 and Appendix 2)

2. We will provide (for a charge) the Administrative Resource Binders and Patient Resource Binders. We will also provide (at no charge) brochures that we have developed for use in connection with offering the Pritikin ICR Program. (Certification Agreement, Section 4.2 and Appendix 2)

3. We will provide you with access to the ICR Portal, which you must use on a daily basis. (Certification Agreement, Section 4.1(a) and Appendix 2, paragraph C)

4. If you sign the VICR Addendum, we will license you to use the VICR Platform to offer and provide Virtual ICR services to your patients. (VICR Addendum, Section 1)

**Provider Facilities and Sites**

We anticipate that our licensees are and will be existing health care providers who are converting their cardiac rehabilitation services to the Pritikin-certified ICR Program, although we may consider other providers as well. As such, the Providers already possess the location where they will conduct the Pritikin ICR Business and we do not provide any assistance regarding site selection, lease negotiation, or construction. We will designate in the Certification Agreement the locations at which you may conduct the Pritikin-certified ICR Program (each is a Facility) and the space(s) at the Facility where you will conduct the Pritikin ICR Programs for your patients (which together is the "ICR Space").

**Personnel Requirements and Training**

For each Facility, a Provider must have at least four "Named Professionals", each of whom must meet professional standards for qualification (as described in the paragraph below). The four Named Professionals consist of: (1) a "Program Director", who will oversee the Program; (2) a "Registered Dietitian," authorized to use such title by the Commission on Dietetic Registration of the Academy of Nutrition and Dietetics and (3) a "Medical Director", who must comply with Medicare's requirements. These requirements currently include that the Medical Director must: (a) have expertise in the management of individuals with cardiac pathophysiology; (b) have cardiopulmonary training in basic life support or advanced cardiac life support; and (c) be licensed to practice medicine in the state in which the ICR program is offered; and (4) a "Mental Health Professional" is your employee or contractor who will be responsible for conducting the Healthy Mindset Workshops. Consistent with the guidelines of the American Association of Cardiovascular and Pulmonary Rehabilitation, the Mental Health Professional will be a licensed professional in the areas of clinical social work, counselor, psychologist or psychiatrist, be a certified wellness coach, or possess a bachelor's degree with a major or minor emphasis in the area of psychology or social work, and have experience in psychological assessments, administration of behavioral health interventions, and counseling with cardiac rehabilitation/secondary prevention or chronic disease. The Mental Health Professional may be an employee or a contractor and may be part-time or full-time.

Additionally, you must provide us with the names of the individuals on your staff (of employees or independent contractors) who will act as your "Culinary Chef" for the patient cooking instructional classes that are part of our Pritikin ICR Program and your Patient Liaison, responsible for talking with patients prior to enrollment in the Pritikin ICR Program to educate the Patients about the program and assist in the enrollment process as necessary. We do not require that you retain the services of personnel specifically for this function, but rather that you inform us as to who will perform these functions. As to the Culinary Chef, a Registered Dietitian may serve as the Culinary Chef for many Providers.

Each of your Named Professionals, Exercise Physiologists, Nurses and other staff members must attend and complete to our satisfaction our training program for the program. We currently conduct our training program through a remote training, self-paced learning modules and onsite at your facility. Training costs are currently $19,500. Each person must participate in the program to the greatest degree possible, including remote training calls, completion of self-paced learning modules, and onsite training. The specific dates on which we conduct the initial training program are determined on an as-needed basis and in coordination with Provider upon

signing the Certification Agreement. The following chart summarizes our current initial training program.

**TRAINING PROGRAM**

| ***Key Personnel and Staff Training:*** | | | |
|---|---|---|---|
| **Subject** | **Hours of Classroom Training** | **Hours of On the Job Training** | **Location** |
| Video Lecture:<br>Director<br>Registered Dietitian/Chef<br>Mental Health Professional<br>Medical Director<br>Clinical Staff (Eps, RNs) | <br>8.5<br>8.5<br>8.5<br>8.5<br>8.5/ Clinical Staff member | <br>0<br>0<br>0<br>0<br>0 | Provider Facility |
| Self-Paced Learning Modules:<br>Director<br>Registered Dietitian/Chef<br>Mental Health Professional<br>Medical Director<br>Clinical Staff (Eps, RNs) | <br>3<br>1.5<br>1<br>0<br>1.5 | <br>0<br>0<br>0<br>0<br>0<br>0 | Provider Facility |
| Video-conferencing Live Lecture:<br>Director<br>Registered Dietitian/Chef<br>Mental Health Professional<br>Medical Director<br>Clinical Staff (EPs, RNs) | <br>10<br>6<br>4.5<br>0<br>5.5/Clinical Staff member | <br>0<br>0<br>0<br>0<br>0 | Provider Facility |
| Group Meeting:<br>Director<br>Registered Dietitian<br>Mental Health Professional<br>Medical Director<br>Clinical Staff (EPs, RNs) | <br>12.512.510<br>12.5<br>1<br>12.5/Clinical Staff member | <br>2<br>4<br>1<br>0<br>3 | Provider Facility |
| *Total* | 126.5 | 10 | |

Our training program is conducted under the direction of Cindy Berner, MS, RDN, LD, CHWC. Ms. Berner is currently our Senior Director of Account Operations and was previously our Director of our Nutrition and Training since August of 2012. She is a licensed, registered dietitian and has been in the field of Nutrition, Wellness, and Health Promotion for over 30 years. Her

experience includes Cardiac Rehabilitation staff, Trials of Hypertension NIH Research Grant staff member, Corporate Health Promotion and as a Nutrition Consultant in private practice in St. Louis, Missouri. We will also use other employees or outside trainers to assist in teaching portions of the training program. All persons conducting training will have typically 10+ years of experience in the subject they are presenting. The instructional materials used in training primarily consist of lectures, handouts, videos and other self-learning presentation tools.

If a Named Professional ceases to be involved in the Pritikin-certified ICR Program, you must identify a qualified replacement to serve in that position, who must complete our training program as soon as possible, but not later than eight weeks after the departure of the former personnel.

Advertising & Promotions

We are not required to conduct any advertising regarding the Pritikin-certified ICR Program, although we have the right to do so. If we do conduct advertising of the Pritikin-certified ICR Program, we may use any method and media, which may be local, regional or national in nature and scope. We have not established, and do not expect to establish, any advertising cooperatives, advertising councils or other collective forms of advertising.

We do not require that you undertake any advertising activities or to spend a minimum amount on advertising efforts. When you satisfactorily complete all requirements of the Pritikin Certification Program, you will be authorized to use the Marks as we specify and in accordance with our guidelines. Any use that you make of the Marks and all services and products that you provide or sell under the Marks must be approved in writing by use and must comply with the standards, requirements and quality provisions as we may establish from time to time. Wherever a Provider refers to the Pritikin-certified ICR Program on signage, advertising and other written, audio, video or electronic materials utilized in connection with the Pritikin-certified ICR Program, the Provider must include a reference or notice, in the same character and prominence, that it is Pritikin-certified.

Computer Hardware and Software

We have developed the Pritikin ICR User Portal ("**ICR Portal**"), which is designed to assist with data collection, tracking and monitoring of patient attendance. You must use the ICR Portal in the manner and time frames we specify in the Certification Agreement. You must input new patient enrollment data into the ICR Portal within specified time frames (and before a patient attends his or her first Pritikin-certified ICR Program session), and you must input other patient data on an ongoing basis according to our guidelines. You will access the ICR Portal using web-based software that we will provide and which is proprietary to us. The software may be used through commonly available computers. Other than requiring that you use the ICR Portal, we do not have any requirements relating to computers. As each Provider will already be operating a health care facility, and is converting its existing cardiac rehabilitation services into a Pritikin-certified ICR Program, we expect that all Providers will already possess the computer related components necessary to access and use the ICR Portal in the manner that we require. As such, we do not expect that you will incur any additional expenses specific to the computers and software needed to operate the Pritikin ICR Business. There may be small items, such as headphones to use in listening to the program, which a Provider may not have and will need to obtain.

We do not have independent access to your computers. We may access the data entered into the ICR Portal as we deem appropriate (including on a continual basis), and retrieve all information concerning your activities in conducting the Pritikin-certified ICR Program, subject to your and our compliance with HIPAA (the Health Insurance Portability and Accountability Act of 1996) and HITECH (Health Information Technology for Economic and Clinical Health Act of 2009) or other applicable law relating to confidentiality of patient records. There are no contractual limitations on our right to access the information and data entered into the ICR Portal.

Neither we nor any affiliate is required to provide you with ongoing maintenance, repairs, upgrades or updates. We do not require that you purchase any maintenance, update, upgrade or support contracts for your computer or the ICR Portal. We do not have information about the availability or annual cost of any optional maintenance, upgrading, updating or support contracts.

VICR Platform

We have developed the VICR Platform, which is a remote monitoring and patient engagement platform through which Pritikin-certified Providers can make available the Pritikin ICR Program materials to their patients and relevant clinicians and other individuals responsible for administering the Pritikin ICR Program in a virtual setting. Pritikin ICR Business will have the option, but are not required, to provide Virtual ICR services. If a Provider wishes to participate, it must sign our VICR Addendum. The components of the VICR Platform, which are delivered via Software-as-a-Service "SaaS", include:

- Patient/Caregiver Engagement: which is a tailored version of the Locus patient/caregiver app, and includes Pritikin ICR Program materials and individual treatment plans to be embedded either delivered via a range of smartphone devices in a "Bring Your Own Device" ("BYOD") modality, or on a fully configured iPad ("Mobile Device") that is leased by Pritikin to the Provider (the "Managed Device Model"). The BYOD Model includes use of the Platform as configured for Provider, ongoing enhancements to the Platform, and maintenance/help desk support. The Managed Device Model includes the services included with the BYOD Model, as well as the configuration and deployment of the Mobile Devices (setup, data plan, logistics, remote mobile device management, technical support, ongoing enhancements).

- Provider Engagement: a patient monitoring dashboard for providers with key vitals trends and alerts tied to predetermined metric thresholds.

- Hosting and support services: hosting, maintaining and providing regular upgrades to the Platform.

- Mobile Device Management: providing support to ensure deployed Mobile Devices are updated on a regular basis to ensure security, consistency of all program and application-specific upgrades as available, and support for device deployment.

- Optional "Kits": Providers may choose to purchase optional sets of peripheral devices (referred to as "Kits") for use by the patients to collect patient biometric information that may be provided to complement, or be used in lieu of, patient-reported vitals. Currently, the Kits offered contain blood pressure cuff, weight scale, and pulse oximeter, and may be Bluetooth-enabled or non-Bluetooth. At this time, the costs are $245 per Kit of Bluetooth enabled devices, and $95 per non-Bluetooth Kit. The purchase and use of the Kits is optional and each Provider will determine whether and how many Kits to purchase at any time. To the extent, you order Kits, we send you invoice for the Kits in the month following delivery of the Kit to you.

We do not charge an initial fee for the license to use the VICR Platform, but there are implementation fees and certain user fees. The implementation fee is $5,000, payable to us when you sign the VICR Addendum. Monthly user fees will apply during the term of the VICR Addendum. The current fees are: (a) $95 per month if you choose the BYOD modality, or (b) $135 per month if you choose the Managed Device Model modality. Currently, these fees are set by Locus, our vendor that hosts and maintains the VICR Platform, and we collect the fees and pay them to the vendor.

We do not have independent access to the devices you use with the VICR Platform. We may access the data entered into the ICR Portal as we deem appropriate (including on a continual basis), and retrieve all information concerning your activities in conducting the Pritikin-certified ICR Program, subject to your and our compliance with HIPAA and HITECH or other applicable law relating to confidentiality of patient records. There are no contractual limitations on our right to access the information and data entered into the ICR Platform.

Except as described above, neither we nor any affiliate is required to provide you with ongoing maintenance, repairs, upgrades or updates relating to the VICR Platform. We do not require that you purchase any separate maintenance, update, upgrade or support contracts for your participation in the VICR Platform.

Manuals

Included in Exhibit F is the Table of Contents to our Manuals (which currently consists of our Binders). There are 470 total pages in our Manuals as of the date of this disclosure document.

Advisory Services

During the term of the Certification Agreement, we may choose to offer and provide additional advisory services to Providers in connection with their operations of the Pritikin-certified ICR Program. We are not required to provide any of these advisory services, and if we do provide these services, we will have the right to determine the scope and duration of the services that we will provide, to the extent consistent with the Medicare rules governing intensive cardiac rehabilitation programs.

Time Between Agreement Signing and Beginning Pritikin-Certified ICR Program

We estimate that the time from signing the Certification Agreement until you begin operating the Pritikin-certified ICR Program will be approximately three to six months. Factors that could affect this time period include the time needed to secure CMS approval as an approved ICR supplier for Medicare reimbursement, time to complete the initial training of your Named Professionals, time to ready the facility, and time to hire people. If you do not obtain approval by the applicable Medicare Administrative Contractor ("MAC") within 12 months after signing the Certification Agreement, we may terminate this Agreement upon 180 days written notice (following the 12 month period).

## ITEM 12
## TERRITORY

If a Provider signs the Certification Agreement, it will convert its existing cardiac rehabilitation program conducted at location(s) that we approve into the Pritikin-certified ICR Program. We will specify in the Certification Agreement the locations of Provider at which a Provider will be authorized to conduct Pritikin-certified ICR Program with patients (each site will be a "**Facility**" and the space(s) at the Facility where you will conduct the Pritikin ICR Programs for your patients together is the "**ICR Space**"). A Provider may defer its conversion until fourteen days following the later of (a) approval of Provider's Medicare enrollment application by the applicable MAC, and (b) the date we issue the Provider Certificate to the Provider. Also, if patients do not have Medicare coverage and their primary insurance coverage does not include reimbursement for the Pritikin-certified ICR Program, a Provider may offer its CR program to those patients so long as the Provider has submitted for each of those patients a request for coverage, and used its best efforts to try to obtain coverage with respect to those patients, for the Pritikin-certified ICR Program.

We do not grant territories, but rather only authorize specific locations. You therefore will not receive an exclusive territory. You may face competition from outlets that we own or from other channels of distribution or competitive brands that we control. We retain all other rights and may engage in any activities, including the right to license others to engage in any activities at any location (except your authorized location), on any terms and conditions that we deem advisable, and without granting you any rights.

Qualifying patients, through their referring physician, have total freedom to select where to obtain services. Neither you nor any other Pritikin-certified Provider is restricted from providing Pritikin-certified ICR Program services at the authorized locations to any patient regardless of where the patient lives. You may not sell or distribute products or services related to the Pritikin-certified ICR Program at wholesale or to third parties for resale, or use alternate channels of distribution, such as the Internet, catalog sales, telemarketing, or direct marketing.

Our affiliates currently sell "Pritikin" brand products through alternative channels of distribution, including on the internet. We, our affiliates, and our designees will have the right to sell and distribute "Pritikin" brand products or services from any location or to any purchaser. To the extent we, our affiliates or designees solicit or sell any service or product related to the Pritikin-certified ICR to any person through any channels of distribution, regardless of where that person is located, we are not required to compensate you.

The Facility will be specified in the Certification Agreement. You may not relocate your operations of the Pritikin Business without our prior written approval. If you ask to relocate your operations of the Pritikin Business, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed location for a new licensee.

Options and First-Refusal Rights

Your Certification Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises or licenses at any location.

## ITEM 13
## TRADEMARKS

As part of the Certification Agreement, we grant you a license to use the trademarks listed below (the "**Marks**") on signage and other materials that you use in connection with offering and conducting the Pritikin-certified ICR Program. The license to use the Marks does not extend to your overall medical and health care operations and facilities, but is limited to the portion of its operations that are devoted to conducting the Pritikin-certified ICR Program and to activities that we approve to promote the Provider's participation in the Pritikin Program.

As described in Item 1, our affiliate, Pritikin Trademark Company, LLC ("**PTC**") owns the following marks that are registered on the Principal Register of the U.S. Patent and Trademark Office (the "**USPTO**"):

| **Mark** | **Registration No.** | **Registration Date** |
|---|---|---|
| Pritikin | 2878133 | August 31, 2004 |
| Pritikin Intensive Cardiac Rehab | 4713084 | March 31, 2015 |
| Pritikin Certified Intensive Cardiac Rehab (and design) | 4713085 | March 31, 2015 |
| Pritikin Certified Intensive Cardiac Rehab (and design) | 4713086 | March 31, 2015 |

PTC has filed when due (and intends to do so in the future), all affidavits required to be filed as of the date of this disclosure document relating to the mark above.

There are no currently effective material determinations of the USPTO Trademark Trial and Appeal Board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation proceedings; or pending material litigation involving the principal trademarks.

Our right to use and license others to use the Marks is exercised under a trademark license agreement (the "**TM Agreement**") between us and The Pritikin Organization LLC (which is the parent of PTC and has the rights to license the Marks to us). Under the TM Agreement, we are granted the right to use and to permit others to use the Marks. The TM Agreement has a term ending February 28, 2023, with automatic one-year renewal terms. If we were ever to lose our rights to the Proprietary Marks, the Provider's rights to use the Marks under the Certification Agreement would also terminate.

Other than the TM Agreement, there are no agreements in effect which significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the Certification Agreement.

Your right to use the Marks is limited to the uses that we authorize under the Certification Agreement, and any unauthorized use of the Marks will infringe upon our and PTC's rights. Once you have completed all requirements and become Pritikin-certified, you may use the Marks in the

manner we specify or approve in writing. We may establish guidelines from time to time regarding the use of the Marks in connection with the Pritikin Program.

When you refer to the Pritikin-certified ICR Program on signage, advertising and other written, audio, video or electronic materials use in connection with the Pritikin-certified ICR Program, you must include a reference or notice, in the same character and prominence, that it is Pritikin-certified.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We are not required to defend you against, or to indemnify you for damages relating to, any third party claim, suit, or demand arising out of your use of the Marks.

We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Marks and to adopt new Marks for use with the System without any liability for any diminishment of the brand. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

No agreement significantly limits our rights to use or license the Marks in any state in a manner material to the franchise. We have no actual knowledge of superior prior rights or infringing uses that could materially affect your use of the Marks.

## ITEM 14
## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications relevant to the Pritikin-certified ICR Program.

We claim copyright protection for all of the Pritikin Program materials, including the Binders, Pritikin Recipes, promotional materials, lecture materials, training materials, whether in written and video format, and our website. However, we have not registered the copyright in any of these materials. You may use our proprietary materials and the proprietary information in the Binders only for the purpose of operating as a Pritikin ICR Business under the terms of your Certification Agreement with us.

You must treat the Binders, lectures, training materials, Program materials (and all other materials that we provide) as confidential. You must not reveal or use for the benefit of anyone else any confidential information or trade secrets that you learn through your activities under the Certification Agreement. You must ensure that your employees and anyone else under your direction and control maintain the confidentiality of our proprietary information. You may not offer or develop videos or other materials for an ICR program using the Pritikin Program and may not duplicate, make derivative works of, distribute, perform, display, or use Pritikin's materials, unless you first obtain our prior written authorization.

You must promptly notify us if you learn about any unauthorized use of our copyrighted materials or proprietary information. We have no obligation to take any action in response to this notice. We will take the action that we determine, in our sole discretion, to be appropriate. If your

Certification Agreement terminates for any reason, or expires and is not renewed, you must return all proprietary and confidential information to us immediately.

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

In the Certification Agreement, we specify four permanent personnel positions that you, as a Provider, must maintain to be Pritikin-certified and to offer the Pritikin-certified ICR Program. These are the Program Director, Registered Dietitian, a Medical Director, and Mental Health Professional. Each person serving in the role of a Named Professional must meet the professional qualifications for their position and each must be fully trained in the Pritikin-certified ICR Program. (See Item 11 "Personnel and Training" for additional information regarding the qualifications and training required for these positions.) Each of these persons must actively participate in the Pritikin ICR Program. We do not require that the Named Professionals to have any ownership in your facility or the Pritikin ICR Program.

Other than the requirements for the personnel described above, we do not require that you or your owners participate in the direct operation of the Pritikin ICR Program. We do not require that you, any owners or your personnel sign personal guarantees of your obligations under the Certification Agreement.

You will have sole responsibility for all employment decisions and functions related to your medical and health care operations, including hiring, firing, compensation, benefits, work hours, work rules, record-keeping, supervision, and discipline of employees.

## ITEM 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Each Provider that joins the System will convert its program for cardiac rehabilitation patients into the Pritikin-certified ICR Program, and once becoming a "Pritikin-certified Provider", it will offer only the Pritikin-certified ICR Program as its ICR services. You must not use the Pritikin-certified ICR Program for the treatment of any other ailment (for example, diabetes); or for general wellness; or for any services to individuals not currently enrolled in the Pritikin-certified ICR program without our prior written consent. However, if patients do not have Medicare coverage and (a) their primary insurance coverage does not include reimbursement for the Pritikin-certified ICR Program and (b) the Provider has used its best efforts to obtain coverage for the Pritikin-certified ICR Program from the patient's primary insurance coverage and, despite the Provider's best efforts the patient's primary insurance coverage does not include reimbursement for the Pritikin-certified ICR Program, then the Provider may offer a CR program to any such patient so long as Provider has for each such patient submitted a request for coverage for the Pritikin-certified ICR Program.

Other than their activities in connection with providing the Pritikin-certified ICR Program, we do not specify restrictions on the services or products that our licensees may use or offer for sale as part of their overall operations as Providers of healthcare services. Each Provider is, and will remain, solely responsible for all aspects of the diagnostic, therapeutic, overall care, and related professional services delivered by the professionals at its facility. Under no circumstances will we provide any actual medical services, nor will we supervise, direct, control or suggest to,

you or any professionals the manner in which to provide patient care services to your patients (although this does not limit us from providing training and guidelines regarding the Pritikin-certified ICR Program). The Pritikin-certified ICR Program is based on a 72-session template of ICR services, originally in a residential setting and adapted for other settings. Consistent with health care requirements, you will provide the Pritikin-certified ICR Program in a manner that follows the Pritikin guidelines with customization by you as needed for your individual patients' conditions.

Patients have total freedom to select where and from whom to obtain health care services and neither you nor any other Pritikin-certified Business is restricted from providing services to any patients regardless of where they reside.

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

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

### THE FRANCHISE RELATIONSHIP

| Provision | Section(s) In Certification Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | 6.1 and 6.2 | 3 years - Expires 3 years following the date of we issue the Provider Certificate (see Item 8) following approval of the Provider's Medicare enrollment application by the applicable Medicare Administrative Contractor ("**MAC**"). |
| b. Renewal or extension of the term | 6.2 | The Certification Agreement will automatically renew for successive 3-year renewal periods, unless (a) you are not in compliance with the Certification Agreement or (b) either you or we elect not to renew and give a written non-renewal notice to the other Party at least 180 days before to the expiration date (of the then-current initial or renewal period). |
| c. Requirements for you to renew or extend | 6.2 | You must be in compliance with the Certification Agreement, including among other things completing recertification training. If the conditions are met, the existing Certification Agreement is automatically renewed. |
| d. Termination by you | 7 | 1. Either Party may terminate the Certification Agreement for a breach of the material terms of the Agreement if the other party does not cure the breach within the "Cure Period" after the breaching Party receives a written notice as to all outstanding deficiencies and/or complaints. The Cure Period is 30 business days for all defaults other than a payment default (for which there is a 5-business day |

| Provision | Section(s) In Certification Agreement | Summary |
|---|---|---|
| | | cure period). If the breaching party does not cure within the Cure Period, the non-breaching party may immediately terminate the Agreement by providing written notice to the breaching party. (Section 7.1)<br>2. Either Party may terminate Certification Agreement in the following circumstances (Sections 7.2 and 7.3):<br>(1) Either party provides 180 days written notice of termination because Medicare changes the reimbursement for the Pritikin ICR Program that results in a reduction of the per session reimbursement amount, plus any per session incentive payment at the time of the Medicare reimbursement rate cut, to less than $50.00 per session ("Fee Threshold") (and does not increase it to above $60 during the 180 termination notice period; and<br>(2) Either party provides notice of termination because Medicare changes the reimbursement methodology wherein a single payment for certain types and episodes of cardiac care is made by Medicare to an entity that assumes financial responsibility for reimbursement of additional types of providers, including reimbursement for intensive cardiac rehabilitation, but does not allocate a specific reimbursement amount for intensive cardiac rehabilitation. The termination will be effective 180 days after the later of the date of written termination or the date the "Bundled Payment" methodology goes into effect.<br>3. During the first 12 months following the date we issue the Provider Certificate, you may elect to terminate (without cause) your obligations to conduct ICR Programs under the Certification Agreement by providing us with written notice of early termination. (Section 7.7)<br>These terms are subject to applicable state law. |
| e. Termination by us without cause | Not applicable | None. But see paragraph 17.d above regarding both parties' right to terminate in the event of certain changes in reimbursement rates. |

| Provision | Section(s) In Certification Agreement | Summary |
|---|---|---|
| f. Termination by us with "cause" | 7 | See first paragraph in 17.d. above.<br>Additionally, if you do not obtain approval by the applicable MAC within 12 months after submitting the Medicare enrollment application to the applicable MAC, we may terminate the Certification Agreement immediately by giving you written notice within 120 days following the 12 month period. |
| g. "Cause" defined – curable defaults | 7.1 | All defaults other than a failure by you to obtain approval by the applicable MAC within 12 months after submitting the Medicare enrollment application. |
| h. "Cause" defined – non-curable defaults | 7.4 | If you do not obtain approval by the applicable MAC within 12 months after submitting the Medicare enrollment application, we may terminate this Agreement by giving you written notice within 120 days following the 12 month period. The termination will be effective immediately upon your receipt of the termination notice. |
| i. Your obligations on termination/ nonrenewal | 7.5 | Obligations include: pay us any amounts owed; stop using the Pritikin-certified ICR Program, Pritikin Recipes, and any and all related video lectures, documentation and other materials, and know-how, trade secrets, works and confidential information of the Pritikin Program; return confidential materials and maintain confidentiality of information; stop using our trademarks and confidential information; refrain from providing any ICR program using the Pritikin Program or using any functional equivalent program; and maintain tail insurance for a 3-year period. Also see summaries "r" and "q" below regarding Sections 5 and 12.7 of the Certification Agreement. |
| j. Assignment of contract by us | 13.4 | We have the right to assign the Certification Agreement or our rights under it. |
| k. "Transfer" by you – defined | 13.4 | "Transfer" means any transfer of the Certification Agreement, or any of the rights, interests or obligations under the Certification Agreement, whether by merger or otherwise. |
| l. Our approval of transfer by you | 13.4 | You may not assign the Certification Agreement, or any of the rights, interests or obligations under the Certification Agreement without our prior written consent. |

| Provision | Section(s) In Certification Agreement | Summary |
|---|---|---|
| m. Conditions for our approval of transfer | Not applicable | Not applicable |
| n. Our right of first refusal to acquire your business | Not applicable | Not applicable |
| o. Our option to purchase your business | Not applicable | Not applicable |
| p. Your death or disability | Not applicable | Not applicable |
| q. Noncompetition covenants during the term of the license | 2 | You agree to offer only the Pritikin-certified ICR Program to your cardiac rehabilitation patients (but this does not restrict you from offering as part of your overall health care operation of any non-ICR and non-CR services that are not part of the Pritikin ICR Business. |
| | 13.7 | Non-solicitation of "Restricted Employee" - Both Parties (you and us) agree that the Party will not: (a) solicit, engage, compensate, induce away or hire for employment or other representation, any officer, employee, consultant, agent or other representative employed or retained by the other party (each, a "Restricted Employee"); (b) solicit or induce any Restricted Employee to terminate that person's relationship with the other Party; or (c) encourage any third party (including any Restricted Employee) to do any of the above. But these restrictions will not (x) prevent a Party from hiring a Restricted Employee who (at the Restricted Party's own initiative) contacts the other Party after that person's employment with the other Party, or (y) prohibit either Party from conducting public advertisements or solicitation not targeted toward Restricted Employees. These terms are subject to applicable state law. |
| r. Non-competition covenants after the franchise is terminated or expires | 13.7 | Includes a six-month prohibition against soliciting Restricted Employees similar to row "q." (above). These terms are subject to applicable state law. |
| s. Modification of the agreement | 13.1 | Amendments must be in writing and signed by you and us. |

| Provision | Section(s) In Certification Agreement | Summary |
|---|---|---|
| t. Integration/ merger clause | 13.1 | Only the terms of the Certification Agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Certification Agreement may not be enforceable. Nothing in the Certification Agreement is intended to disclaim any representation we make in this Disclosure Document. |
| u. Dispute resolution | Not applicable | Not applicable |
| v. Choice of forum | 13.6 | Federal or state court in Wilmington, Delaware, subject to state law |
| w. Choice of law | 13.6 | Delaware law governs. Your state's law may override this provision. Various state disclosure addenda and agreement amendments are attached as an exhibit to this disclosure document and contain additional terms that may be required under applicable state law. |

## ITEM 18
## PUBLIC FIGURES

We do not use any public figures to promote our license.

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

As described in Item 1, the Pritikin ICR program has been approved by CMS for reimbursement of up to 72 sessions (as defined below) provided to qualifying patients, based on the current ICR program requirements under Medicare Part B. At this time, the maximum number of ICR sessions, including Pritikin ICR, approved by CMS exceeds the maximum number of other cardiac rehabilitation ("CR") sessions initially approved for Medicare beneficiaries by CMS. Additionally, the Medicare reimbursement rates currently approved by CMS vary based on a number of factors, including whether the sessions are CR or ICR and whether the Provider is hospital or non-hospital healthcare provider. As used in this disclosure document, the term "session" means each encounter that a patient has with a health care provider under a prescription issued by the patient's physician for the patient to receive cardiac rehabilitation services or, if applicable, intensive cardiac rehabilitation services, consistent with the requirements established by CMS for those services.

Presented below are tables that reflect the 2022 CMS approved Medicare reimbursement rates for CR and ICR when provided in a physician's office (POS code 11) and in a hospital outpatient setting (POS code 22), the maximum number of sessions approved by CMS, as well as certain historical data regarding average patient utilization rates of approved CR sessions. Using this information, the tables reflect the number of sessions and related reimbursement revenue both on a per patient basis and collectively at the stated numbers of patients. Table 1 presents data related to non-facility based physician's office, and Table 2 presents data related to facility based outpatient setting. This information is provided as a reference that you may use as you evaluate your operations and your patients for whom your physicians deem appropriate to receive CR and ICR services.

Please read carefully all of the information in this Item 19 (including the tables below in, as well as the notes that follow those tables) for explanation of how the data in the tables were prepared.

## Table 1 – Reimbursement Revenue and Session Data For Physician's Office (POS code 11)

| A. For Physician's Office - CR | Per Patient | If you have this number of patients enrolled for sessions (Notes 5 and 6) | | | | |
|---|---|---|---|---|---|---|
| | | 25 | 50 | 100 | 150 | 200 |
| 2022 Medicare national average reimbursement rate (per session) for cardiac rehabilitation (Notes 1 and 1(a)) | $22 | $550 | $1,100 | $2,200 | $3,300 | $4,400 |
| Maximum number of sessions approved by CMS (without KX modifier) (Note 2) | 36 | 900 | 1,800 | 3,600 | 5,400 | 7,200 |
| Total CR Revenue (using maximum number of sessions) | $792 | $19,800 | $39,600 | $79,200 | $118,800 | $158,400 |
| National Historical Utilization Rate 69.4% (25 sessions out of a possible max. of 36) (Notes 3 and 4) | 25 | 625 | 1,250 | 2,500 | 3,750 | 5,000 |
| Total CR Revenue (using historical utilization rate number of sessions) | $550 | $13,750 | $27,500 | $55,000 | $82,500 | $110,000 |

| B. Physician's Office – ICR | Per Patient | If you have this number of patients enrolled for sessions (Notes 5 and 6) | | | | |
|---|---|---|---|---|---|---|
| | | 25 | 50 | 100 | 150 | 200 |
| 2022 Medicare national average reimbursement rate (per session) for ICR (Notes 1 and 1(b)) | $119 | $2,975 | $5,950 | $11,900 | $17,850 | $23,800 |
| Maximum number of sessions approved by CMS for ICR (Note 2) | 72 | 1,800 | 3,600 | 7,200 | 10,800 | 14,400 |
| Total Revenue with ICR (using maximum number of sessions) | $8,568 | $214,200 | $428,400 | $856,800 | $1,285,200 | $1,713,600 |
| National Historical Utilization Rate 69.4% (50 sessions out of a possible max. of 72) (Note 4) | 50 | 1,250 | 2,500 | 5,000 | 7,500 | 10,000 |
| Total Revenue with ICR (using historical utilization rate number of sessions) | $5,950 | $148,750 | $297,500 | $595,000 | $892,500 | $1,190,000 |

**Table 2 – Reimbursement Revenue and Session Data**
**For Facility Based Outpatient Setting (POS Code 22)**

| C. For Facility Based Outpatient Setting – CR | Per Patient | If you have this number of patients enrolled for sessions (Notes 5 and 6) | | | | |
|---|---|---|---|---|---|---|
| | | 25 | 50 | 100 | 150 | 200 |
| 2022 Medicare national average reimbursement rate (per session) for cardiac rehabilitation (Notes 1 and 1(c)) | $119 | $2,975 | $5,950 | $11,900 | $17,850 | $23,800 |
| Maximum number of sessions approved by CMS (without KX modifier) (Note 2) | 36 | 900 | 1,800 | 3,600 | 5,400 | 7,200 |
| Total CR Revenue (using maximum number of sessions) | $4,284 | $107,100 | $214,200 | $428,400 | $642,600 | $856,800 |
| National Historical Utilization Rate 69.4% (25 sessions out of a possible max. of 36) (Notes 3 and 4) | 25 | 625 | 1,250 | 2,500 | 3,750 | 5,000 |
| Total CR Revenue (using national historical utilization rate number of sessions) | $2,975 | $74,375 | $148,750 | $297,500 | $446,250 | $595,000 |

*(Table 2 Continued on next page)*

*Table 2 continued*

| **D. For Facility Based Outpatient Setting – ICR** | **Per Patient** | **If you have this number of patients enrolled for sessions** (Notes 5 and 6) | | | | |
|---|---|---|---|---|---|---|
| | | **25** | **50** | **100** | **150** | **200** |
| 2022 Medicare national average reimbursement rate (per session) for ICR (Notes 1 and 1d) | $119 | $2,975 | $5,950 | $11,900 | $17,850 | $23,800 |
| Maximum number of sessions approved by CMS for ICR (Note 2) | 72 | 1,800 | 3,600 | 7,200 | 10,800 | 14,400 |
| Total Revenue with ICR (using maximum number of sessions) | $8,568 | $214,200 | $428,400 | $856,800 | $1,285,200 | $1,713,600 |
| National Historical Utilization Rate 69.4% (50 sessions out of a possible max. of 72) (Note 4) | 50 | 1,250 | 2,500 | 5,000 | 7,500 | 10,000 |
| Total Revenue with ICR (using historical utilization rate number of sessions) | $5,950 | $148,750 | $297,500 | $595,000 | $892,500 | $1,190,000 |

**Notes to Tables 1 and 2**

1 Reimbursement Rates. The following notes provide additional information regarding the reimbursement rates that are established by CMS (the federal Centers for Medicare & Medicaid Services, www.cms.gov). These payment rates may vary for each Provider for a number of factors included in CMS methodology, some of which include: place of service (POS code 11 or POS code 22), specific carrier locality, geographic differences, and the mix of services furnished by a particular Provider. Rates for services provided at a Physician's office are available at the Physician Fee Schedule Look-Up page on the CMS website (available at http://cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PFSlookup/index.html). Rates for services furnished in a facility based outpatient setting are available at www.cms.gov. The payment rates that primary insurance providers will pay for these service may vary from rates established by CMS as described above.

1(a): CR in a Physician's Office: Based on the calendar year 2022 Medicare physician fee schedule, the national average payment rates for CR (cardiac rehabilitation) are as follows for the "CPT Codes" ("CPT" stands for the Current Procedural Terminology, a trademark owned by the American Medical Association) and HCPCS Codes ("HCPCS" stands for Healthcare Common Procedure Coding System):

- $16.96 for CPT Code 93797 (Physician or other qualified health care professional services for outpatient cardiac rehabilitation; without continuous ECG monitoring (per session)); and

- $26.30 for CPT Code 93798 (Physician or other qualified health care professional services for outpatient cardiac rehabilitation; with continuous ECG monitoring (per session))

- For purposes of Table 1, $22.00 per session, is based on an average of one exercise session with ECG monitoring and one non-ECG monitored session for patient education, using the two applicable CPT Codes.

1(b): Pritikin ICR in a Physician's Office: Based on the calendar year 2022 Medicare physician fee schedule, the national average payment rates for ICR are as follows based on the HCPCS Codes:

- $118.70 for HCPCS Code G0422 (Intensive cardiac rehabilitation; with or without continuous ECG monitoring with exercise, per session); and

- $118.70 for HCPCS Code G0423 (Intensive cardiac rehabilitation; with or without continuous ECG monitoring; without exercise, per session).

1(c): CR in a Facility Based Outpatient Setting: Based on the calendar year 2022 Medicare Hospital Outpatient Prospective Payment System (OPPS), the national average payment rate for CR (cardiac rehabilitation) are as follows based on the CPT Codes.

- $118.55 for CPT Codes 93797 and 93798: CPT Code 93797 is Physician or other qualified health care professional services for outpatient cardiac rehabilitation; without continuous ECG monitoring (per session). CPT Code 93798 is Physician or other qualified health care professional services for outpatient cardiac rehabilitation; with continuous ECG monitoring (per session).

1(d): Pritikin ICR in a Facility Based Outpatient Setting: Based on the calendar year 2022, the Medicare Hospital Outpatient Prospective Payment System (OPPS), the national average payment rate for Pritikin ICR are as follows based on the HCPCS Codes.

- $118.55 for HCPCS Codes G0422 and G0423. HCPCS Code G0422 is Intensive cardiac rehabilitation; with or without continuous ECG monitoring with exercise, per session). HCPCS Code G0423 is Intensive cardiac rehabilitation; with or without continuous ECG monitoring; without exercise, per session).

Additional notes regarding reimbursement rates

- These rates listed do not include a 2% reduction in Medicare's share of payments that apply during sequestration, effective as of April 1, 2013.

- For purposes of the calculations in Table 1 and Table 2, the amounts are rounded to the nearest dollar for the CPT or HCPCS Code listed above.

- All rates shown are national averages, not adjusted for geographic variations in costs and other factors considered by Medicare.

2. Maximum Number of Sessions. This reflects the maximum number of covered sessions approved by CMS. CMS has established the maximum number of sessions at 36 sessions initially approved for CR, with an additional 36 sessions covered at contractor discretion; however, Pritikin ICR is subject to a maximum of 72 sessions under CMS' regulations. 42 C.F.R. § 410.49(f)(1) and (f)(2).

3. National Historical Utilization Rate. This data is from 25 sessions/patient; SD=12, 2016-2017 Medicare data. (Source: Circulation, Journal of the American Heart Association, Jan 2020.)

4. Calculation of Pritikin ICR Sessions Using Historical CR Utilization.

A. Calculation Using Historical CR Utilization. In each of Table 1.B and Table 2.D, there is a row titled "*National Historical Utilization Rate 69.4%.*" The calculation in this row uses the same 69.4% average number of sessions (as referenced in Note 3 above), and applies that average utilization rate to the CMS maximum of 72 covered sessions of ICR (69.4% is 50 out 72 possible covered sessions for the average patient).

B. Potential Utilization - Number of Sessions. We cannot (and do not) make any projections as to the number of ICR sessions that your patients may decide to undertake once starting the Pritikin ICR program with you. As is always the case, patients and health care providers make, and are solely responsible for, decisions as to treatment and as to patients' participation in any medical program. Note 7 below provides information regarding the reported utilization results of our licensees.

5. Number of Patients. The figures provided are simply placeholders to show the results across a spectrum. They are provided to assist you as a reference that you may use as you evaluate your operations and the number of your patients who you deem to be appropriate for CR and ICR services. We do not have any information regarding the number of patients that you currently have and we cannot (and do not) make any projections as to the number of patients that you may have in the future, or as to those among your patients that may be candidates for CR programs in general, and the Pritikin ICR program in particular.

6. Results May Vary. These figures are estimates only of what we think you may earn. Your individual results may differ. There is no assurance that you'll earn as much.

7. Licensee Reported Results. The table below presents information for calendar years 2019, 2020 and 2021. For calendar year 2019, we received data from 28 licensees that, as of the end of that year, operated using the Pritikin-certified ICR Program for a full twelve-month period. For calendar year 2020, we received data from 38 licensees that, as of the end of that year, had been operated using the Pritikin-certified ICR Program for a full twelve-month period, provided that (as further described in note a. below) due to the coronavirus pandemic some licensees temporarily ceased operations. For calendar year 2021, we received data from 56 licensees that, as of the end of that year, had been operated using the Pritikin-certified ICR Program for a full twelve-month period. The licensees during these periods reported the number of ICR sessions completed by their patients who were enrolled in Pritikin ICR with a 72-session prescription (the "Completed ICR Sessions"). According to the information that these licensees provided:

| Year | Completed ICR Sessions for Medicare patients who were enrolled in Pritikin ICR with a 72-session prescription (see notes a – f below): | |
|---|---|---|
| 2019 | Average number: 50.8 | Median number: 50.9 |
| 2020 | Average number: 43.1 | Median number: 42.7 |
| 2021 | Average number: 46.8 | Median number: 47.6 |

*Notes (to Licensee Reported Results):*

*a.* The data is for calendar year noted (i.e., from January 1 through December 31 of each year noted). In 2020, the coronavirus outbreak caused disruptions in providing some in-person services and impacted our licensees, to varying degrees. As described in Item 20, some Facilities temporarily discontinued their operations. As of December 31, 2020, there were five Facilities that were temporarily closed; in 2021, all of these Facilities, except for one, have re-opened and resumed their operations.

*b.* The averages were calculated at each licensee's location, not an aggregate of all the patients treated at these licensees' locations.

*c.* For 2019, of these 28 licensees: 14 (50%) had an average number of Completed ICR Sessions that exceeded 50.8, and 14 (50%) had an average number of Completed ICR Sessions that were below 50.8; and the licensees' average number of Completed ICR Sessions ranged from 34.2 to 64.6, and within that range, the median average (*i.e.*, the median of the average results calculated for each of the 28 Licensees) was 50.9 Completed ICR Sessions. For 2020, of these 38 licensees: 16 (42%) had an average number of Completed ICR Sessions that exceeded 43.1, and 22 (58%) had an average number of Completed ICR Sessions that were below 43.1; and the licensees' average number of Completed ICR Sessions ranged from 23.8 to 56.9, and within that range, the median average (*i.e.*, the median of the average results calculated for each of the 38 Licensees) was 42.7 Completed ICR Sessions. For 2021, of these 56 licensees: 30 (54%) had an average number of Completed ICR Sessions that exceeded 46.8, and 26 (46%) had an average number of Completed ICR Sessions that were below 46.8; and the licensees' average number of Completed ICR Sessions ranged from 20.4 to 60.7, and within that range, the median average (*i.e.*, the median of the average results calculated for each of the 56 Licensees) was 47.6 Completed ICR Sessions.

*d.* The data in this note 7 was reported to us by our licensees. We did not audit this data and have relied on the accuracy of the information that our licensees provided.

*e.* The Pritikin ICR program offered at these licensee's locations is a 72 -session program, which (as described above) is the maximum number of sessions approved by Medicare patients enrolled in ICR. Certain patients may not be prescribed 72 sessions for reasons including, the number of sessions covered by their primary insurance provider if they are non-Medicare patients.

*f.* The licensees reported that the data provided to us reflects all Medicare covered patients at their location discharged in the specified time period prescribed 72 sessions.

**Some licensees have sold this much. Your individual results may differ. There is no assurance that you'll sell as much.**

## Additional Notes to Item 19

Substantiation. Written substantiation of the data used in preparing the information in this Item 19 will be made available to you upon reasonable request.

As described in Item 1 of this disclosure document, CMS approval of the Pritikin ICR Program was based on the data derived from patients who participated in the Pritikin ICR Program provided in a residential setting at the Pritikin Longevity Center in Doral, Florida. We developed the System so that additional Providers can conduct Pritikin-certified ICR Programs at the place where they provide medical services to their patients. We do not have any information regarding whether CMS will in the future make any change in the reimbursement rates or the maximum number session for CR or ICR services when CMS reviews these types of services.

The data in this Item 19 relates only to revenue related to Medicare reimbursement rates at various patient participation levels. We do not provide cost information, but as a franchisee you will incur costs in preparing for and conducting Pritikin-certified ICR Programs, such as training fees, Binder costs, certification payments, and related expenses and other fees that you must pay to us (please refer to Items 5 and 6 of this disclosure document for those details). You will also incur various other costs such as rent and occupancy costs; employee salaries and benefits; insurance; facilities and property maintenance; business and regulatory fees and licenses; legal and accounting fees; and bookkeeping and other professional services – although as described in Item 7, we expect that you incur these types of costs in connection with your existing health care facilities and operations, even if you were not providing Pritikin ICR services.

We strongly advise you to conduct an independent investigation of this information and the opportunity to become a licensee so that you can decide whether or not you think the license will meet your financial needs. We suggest that you develop and review with your own professional advisors a pro forma cash flow statement, balance sheet and statement of operations, and that you make your own financial projections regarding revenues from reimbursements, costs, patient base, and patient utilization rates. Additional factors to consider with your professional advisors in evaluating the Pritikin ICR Program and your business include the economic or market area conditions and demographics in your area, your capitalization level, the amount and terms of any financing that you have or may secure, lease rates, and the experience and skills of you and your staff. We will not comment (and do not authorize any person to comment) upon your pro forma cash flow statements.

Other than the preceding financial performance representation in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Terry Rogers, President of

Pritikin ICR LLC, at 7701 Forsyth Boulevard, Suite 600, Clayton, Missouri 63105, (800) 677-0257, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table 1:**
**Systemwide Outlet Summary**
**for years 2019-2021 (Note 1)**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| **Franchised** | 2019 | 28 | 38 | +10 |
| | 2020 | 38 | 59 | +21 |
| | 2021 | 59 | 69 | +10 |
| **Company-Owned (Note 2)** | 2019 | 1 | 1 | 0 |
| | 2020 | 1 | 1 | 0 |
| | 2021 | 1 | 1 | 1 |
| **Total Outlets** | 2019 | 29 | 39 | +10 |
| | 2020 | 39 | 60 | +21 |
| | 2021 | 60 | 70 | +10 |

Notes
(1) All numbers are as of the fiscal year end. Our fiscal year end is December 31st.

(2) As described in Item 1, our affiliate, Florida Pritikin Center LLC, began to operate a Pritikin ICR Business at the Pritikin Longevity Center in Doral, Florida in January 2012.

**Table 2:**
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For years 2019 to 2021** (Note 1)

| **State (**Note 2**)** | **Year** | **Number of Transfers** |
|---|---|---|
| Any state | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| **Total** | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |

Notes
(1) All numbers are as of the fiscal year end. Our fiscal year end is December 31st.

(2) States not listed had no activity during the relevant time frame.

**Table 3:**
**Status of Franchised Outlets**
**for years 2019 to 2021** (Note 1)

| State (Note 2) | Year | Outlets at Start of Year | Outlets Opened | Term-inations | Non-Renewals | Re-acquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year (Note 3) |
|---|---|---|---|---|---|---|---|---|
| Arkansas | 2019 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2020 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2021 | 6 | 2 | 0 | 0 | 0 | 0 | 8 |
| California | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| Colorado | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| Idaho | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Illinois | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Indiana | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Louisiana | 2019 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Massachus-etts | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Michigan | 2019 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| Minnesota | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 4 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| Mississippi | 2019 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Missouri | 2019 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Nebraska | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Nevada | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New Jersey | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| New York | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Ohio | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 3 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| Oklahoma | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Tennessee | 2019 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| Texas | 2019 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 3 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 3 | 0 | 0 | 0 | 0 | 8 |
| Washington | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Wisconsin | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Totals | 2019 | 28 | 10 | 0 | 0 | 0 | 0 | 38 |
| | 2020 | 38 | 21 | 0 | 0 | 0 | 0 | 59 |
| | 2021 | 59 | 11 | 1 | 0 | 0 | 0 | 69 |

Notes

(1) All numbers are as of the fiscal year end. Our fiscal year end falls on December 31st.

(2) States not listed had no activity during the relevant time frame.

(3) Due to the coronavirus pandemic, some Facilities temporarily discontinued their operations. As of December 31, 2020, the following Facilities were temporarily closed: California (1 Facility), Ohio (1 Facility), Tennessee (2 Facilities), and Michigan (1 Facility). In 2021, all of these Facilities, except for one in Michigan, re-opened and resumed their operations. In addition, on Facility in Arkansas is temporarily closed for relocation.

**Table 4:**
**Status of Company-Owned Outlets (Note 1)**
**for years 2019-2021 (Note 2)**

| State (Note 3) | Year | Outlets at Start of the Year | Outlets Opened | Outlets Re-acquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| Florida | 2019 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 1 |
| **Totals** | 2019 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 1 |

Notes

(1) As described in Item 1, our affiliate, Florida Pritikin Center LLC began to operate a Pritikin ICR Business at the Pritikin Longevity Center in Doral, Florida in January 2012.

(2) All numbers are as of the fiscal year end. Our fiscal year end falls on December 31st.

(3) States not listed had no activity during the relevant time frame.

**Table 5:**
**Projected Openings (as of December 2021) for 2022**

| State (Note 1) | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projected New Company-Owned Outlet in the Next Year |
|---|---|---|---|
| Arkansas | 2 | 0 | 0 |
| California | 1 | 1 | 0 |
| Connecticut | 0 | 1 | 0 |
| Florida | 16 | 5 | 0 |
| Georgia | 1 | 0 | 0 |
| Illinois | 3 | 3 | 0 |

| State (Note 1) | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projected New Company-Owned Outlet in the Next Year |
|---|---|---|---|
| Kansas | 2 | 2 | 0 |
| Minnesota | 1 | 1 | 0 |
| Mississippi | 1 | 1 | 0 |
| Missouri | 0 | 1 | 0 |
| Nebraska | 1 | 1 | 0 |
| North Carolina | 1 | 0 | 0 |
| New York | 0 | 1 | 0 |
| Ohio | 0 | 2 | 0 |
| South Carolina | 0 | 1 | 0 |
| Tennessee | 0 | 1 | 0 |
| Texas | 4 | 2 | 0 |
| Virginia | 0 | 4 | 0 |
| **Total** | **33** | **27** | **0** |

Notes:

(1) States not listed had no activity during the relevant time frame.

(2) Existing Pritikin ICR Businesses may choose to sign a VICR Addendum to offer Virtual ICR. In 2020, one licensee in Louisiana signed a VICR Addendum. In 2021, six licensees in the states of Arkansas, California, Minnesota, Nebraska, Oklahoma and Tennessee and signed VICR Addendums. We anticipate that additional licensees will participate in 2022.

*****

The names, addresses, and telephone numbers of our franchisees as of December 31, 2021 are listed in Exhibit E.

The name and last known home address and telephone number of every one of our franchisees who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Certification Agreement during one-year period ending December 31, 2021, or who has not communicated with us within ten weeks of the date of this disclosure document, are also listed in Exhibit E. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed a confidentiality clause in a certification (franchise) agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us.

As of the date of this franchise disclosure document, there are no “Pritikin” franchisee associations in existence regardless of whether they use our trademark or not.

## ITEM 21
## FINANCIAL STATEMENTS

Exhibit B to this disclosure document contains the following financial statements:

Our audited financial statements for the fiscal years ending December 31, 2021, December 31, 2020 and December 31, 2019. Our fiscal years will end on December 31st each year.

Our unaudited financial statements for the period ending March 31, 2022.

## ITEM 22
## CONTRACTS

Attached to this disclosure document are:

- Exhibit A: a sample copy of our New York Certification Agreement which includes optional election of VICR and PritikinLive services

## ITEM 23
## RECEIPT

The last two pages of this disclosure document, as Exhibit J, are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document, return one copy to us and retain the other for your records along with this disclosure document.

# EXHIBIT A

# NEW YORK CERTIFICATION AGREEMENT AND RELATED EXHIBITS

## AGREEMENT

This Agreement (the "Agreement") dated as of _____, 2022 ("Execution Date") by and between Pritikin ICR LLC, a Delaware limited liability company ("Pritikin"), and _____, a New York ("Provider"). (Each of Pritikin and Provider is herein referred to as a "Party" and, collectively, as the "Parties").

## Recitals

Pritikin offers its intensive cardiac rehabilitation program which includes a healthy eating plan, exercise and lifestyle education (the "Pritikin ICR Program"), and which has been approved for reimbursement by Medicare for the intensive cardiac rehabilitation ("ICR") program requirements contained in Medicare Part B;

Provider desires to offer the Pritikin ICR Program at the facility set forth on the signature page of this Agreement ("Facility"); and

The Parties desire to enter into this Agreement for Pritikin to grant Provider (a) the opportunity to become certified to offer and teach the Pritikin ICR Program to its patients ("Patients"), and (b) a license to use the Marks (as defined in Appendix 1) in connection with operating the Pritikin ICR Program, in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Certification Requirements.

1.1 Completion of Requirements. Provider must successfully complete the requirements set forth in Appendix 2 ("Pritikin ICR Program Certification Requirements") to become certified by Pritikin to offer and teach the Pritikin ICR Program. Provider must remain in compliance with these requirements in order to remain certified to offer and teach the Pritikin ICR Program.

1.2 Provider Certificate. Upon meeting the Certification Requirements set forth in Appendix 2, Pritikin will issue Provider a Facility-specific certificate substantially in the form of Appendix 3 ("Provider Certificate"), indicating that Provider is Pritikin-certified in the location specified on the Provider Certificate for a three (3) year period. As soon as reasonably practical after issuance of the Provider Certificate, Provider shall commence offering the Pritikin ICR Program. Provider shall not offer ICR utilizing the Pritikin ICR Program until it is certified; provided, however, during the period following completion of the Training Program (as defined in Appendix 2) and prior to issuance of the Provider Certificate, Provider may begin offering the Pritikin ICR Program on a conditional basis upon Pritikin's prior written approval.

2. Exclusivity.

2.1 Conversion of CR Program. The Pritikin ICR Program is far more comprehensive than the CR program, since it includes a more extensive educational component in addition to exercise, including a healthy eating plan and lifestyle education, including nutrition workshops, healthy mindset workshops, cooking workshops, and one-on-one clinical consultations. Provider's CR program consisting of up to 36 sessions shall be converted into the Pritikin ICR Program consisting of up to 72 sessions. Provider may defer the conversion to the Pritikin ICR Program until fourteen (14) days following the later of (i) MAC approval of Provider's Medicare enrollment application, and (ii) the date Pritikin issues the Provider Certificate.

2.2 Patient Qualification Requirements. Except with the prior written approval of Pritikin, Provider will offer the Pritikin ICR Program exclusively to cardiac rehabilitation Patients. If Patients do not have approved Medicare coverage, Provider will use its best efforts to obtain coverage for the full seventy-two (72) sessions included in the Pritikin ICR Program from the Patient's primary insurance coverage. If despite

Provider's best efforts a Patient's primary insurance coverage does not include reimbursement for the Pritikin ICR Program, Provider may offer less than 72 sessions to such Patient. Upon written approval of Pritikin, Provider may incorporate a limited number of Pritikin ICR Program videos and support items for Patients participating in less than 72 sessions.

2.3 Other Restrictions. Provider may not contract with or offer an ICR program that competes with Pritikin during the Agreement Term. Except with the prior written consent of Pritikin, Provider may only utilize the Pritikin ICR Program at the location(s) specified on the signature page of this Agreement. The space allotted for the Provider's Pritikin ICR Program ("ICR Space") shall be used exclusively for Provider's Pritikin ICR Program, when actively in use by Provider for the Pritikin ICR Program. At all times, including when not actively in use for Provider's Pritikin ICR Program, to the extent non-ICR activities are conducted in the ICR Space, it shall be clear to those participating in the non-ICR activity that the activity is not a Pritikin ICR Program activity.

3. Pritikin Optional Advisory Services and Food.

3.1 Advisory Services. Pritikin may render advisory services to support Provider's Pritikin ICR Program.

3.2 Pritikin Food.

(a) To the extent non-exercise sessions are administered in the ICR Space, only Pritikin approved food shall be served in the ICR Space while in use by the Pritikin ICR Program. These prepared foods shall meet Pritikin guidelines as may be revised from time to time by Pritikin. Pritikin reserves the right to oversee, inspect, and approve the food preparation process.

(b) Pritikin offers Provider Pritikin-approved recipes ("Pritikin Recipes") for Provider to prepare foods for Patients in cooking workshops. To the extent desired by Provider and applicable, Provider may also prepare from Pritikin Recipes food for visitors at the Facility or its cafeteria or for room service ("Pritikin Recipe Foods"). Pritikin Recipe Foods will be identified by Provider using Pritikin approved signage as "Pritikin Approved" in the serving areas. Pritikin reserves the right to oversee, inspect, and approve the food preparation process for Pritikin Recipe Foods. Pritikin may terminate the Provider's right to prepare Pritikin Recipe Foods at any time upon two weeks' advanced notice of such termination. Provider is encouraged to use existing Pritikin Recipes, however any new recipes or deviations from existing recipes developed by Provider or Provider personnel to be used in Provider's Pritikin ICR Program or throughout the Facility, shall first be approved by Pritikin, become the property of Pritikin and may be used by Pritikin at Pritikin's discretion.

4. Certification Payments, Training Materials and Services, Payment Terms and Taxes.

4.1 Certification Payments. Provider shall administer the ICR and CR sessions in an office based facility, and, when applicable, through a virtual platform. Provider shall pay Pritikin a fixed per session fee in the amount of _____ Dollars ($____) for each ICR or CR session administered by Provider (the "Certification Payments"). The Parties agree that the Certification Payments have been determined in advance through a process of arms-length negotiations and are consistent with fair market value under the circumstances and that Certification Payments shall be due and payable to Pritikin regardless of whether Provider receives any reimbursement from a third party payor for such ICR and CR sessions.

4.2 Training Materials and Services. The charges for training materials and services are set forth in Appendix 2.

4.3 Payment Terms; Failure to Pay. Certification Payments due to Pritikin under Section 4.1 shall be due by the last day of the month following the month in which the ICR and CR sessions were administered. Training Failure to pay any of such amounts or any other amounts due to Pritikin on or before the due date for such payment shall constitute a material breach of this Agreement. Provider's failure to cure a payment default

during the Cure Period (as defined in Section 7.1) shall give Pritikin the right, but not the obligation, to terminate this Agreement, the Provider Certificate and/or the provision of any related services including without limitation any training. Provider shall pay interest on any payments that are not received on or before the due date at an annual rate equal to the lesser of (a) one and one-half percent (1.5%) per month, or (b) the maximum amount permitted by applicable law, calculated from the due date until the date paid. In addition, Provider shall reimburse Pritikin for any and all fees or costs, including, without limitation, reasonable attorneys' fees incurred in connection with the collection of any amounts due Pritikin.

4.4 Taxes and Other Assessments. Provider shall be responsible for any and all taxes due, assessments or other charges of any kind that may be imposed on Pritikin or Provider by any governmental taxing authority as a result of goods or services provided under this Agreement other than any taxes based upon the income of Pritikin.

5. License. Provider is hereby granted a terminable license to use the Pritikin Marks, as defined in, and subject to, Appendix 1.

6. Term. Subject to the provisions of this Agreement, the term of this Agreement shall commence as of the Execution Date and continue until the expiration or termination of the Certificate Term as set forth in Sections 6.1 and 6.2 ("Agreement Term").

6.1 Provider Certificate Term. The Provider Certificate shall commence as of the Provider Certificate Date to be set forth on Appendix 3 and continue for a period of three (3) years unless renewed or terminated as provided herein ("Certificate Term").

6.2 Renewal. Subject to continued Provider compliance with the requirements of this Agreement, including Appendices 1, 2, and 4, the Provider Certificate shall automatically renew for successive renewal periods of three (3) years, unless either Party elects not to renew and gives written notice thereof to the other Party at least one hundred eighty (180) days prior to the expiration of the Certificate Term or any renewal term.

7. Termination.

7.1 Material Breach. Either Party may terminate this Agreement upon written notice to the other Party in the event the other Party breaches any of the material terms of this Agreement. Prior to any termination, however, the non-breaching Party will notify the breaching Party in writing of all outstanding deficiencies and/or complaints, and the breaching Party will have thirty (30) (or, in the event of a payment default, five (5)) business days (the "Cure Period") to cure such deficiencies or complaints. If the breaching Party cures all such deficiencies or complaints within the Cure Period, the material breach will be deemed corrected, and the non-breaching Party shall not be entitled to terminate this Agreement. A breach of the following Sections shall be considered a material breach of this Agreement: 2.3, 3.2, 4.3, 10.1, 12.2, 12.7, 13.7, and the covenants set forth on Appendix I, provided however, the Parties agree that the explicit identification of these Sections herein shall not be interpreted or construed as providing an exhaustive list of the material terms of this Agreement.

7.2 Changes in Per Session Reimbursement. If Medicare changes the reimbursement for the Pritikin ICR Program that results in a reduction of the per session reimbursement amount at the time of the Medicare reimbursement rate cut, to less than Fifty Dollars ($50.00) per session ("Fee Threshold"), then either Party may terminate this Agreement upon one hundred eighty (180) days' written notice to the other Party. If during the one hundred eighty (180) day termination period Medicare increases the reimbursement to $60.00 or more, then the notice of termination shall be null and void and the Agreement shall remain in full force and effect.

7.3 Bundled Payments. If Medicare changes the reimbursement methodology wherein a single payment for certain types and episodes of cardiac care is made by Medicare to an entity that assumes financial responsibility for reimbursement of additional types of providers, including reimbursement for intensive cardiac rehabilitation, but does not allocate a specific reimbursement amount for intensive cardiac rehabilitation ("Bundled Payment"), then either Party may terminate this Agreement upon advance written notice. Such

termination shall take effect on the later of one hundred eighty (180) days from the date of written notice of termination or the date the Bundled Payment methodology goes into effect.

7.4 Failure to Obtain MAC Approval. If Provider has not obtained approval by the MAC within twelve (12) months following Provider's submission of Form 855B, Pritikin may terminate this Agreement by giving written notice to Provider within one hundred twenty (120) days following such twelve (12) month period.

7.5 Consequences of Termination. Immediately upon termination or expiration of this Agreement and subject to any "Run-off Period" (as defined in Section 7.5(c)):

(a) The Provider Certificate and the License shall be terminated and revoked. In the event the Provider Certificate has not been issued, or the Provider Certificate has expired or terminated, Pritikin shall be entitled to revoke the Pre-Certification Letter referred to in Paragraph D.1 of Appendix 2, and provide notice thereof to the MAC and other third party payors.

(b) Provider shall: (i) stop using the Pritikin ICR Program and any and all related video lectures, documentation, and other binders and materials supplied to Provider and return all copies of such materials to Pritikin; (ii) return to Pritikin any other Pritikin Confidential Information (as defined in Section 12.1); (iii) cease all use of any and all Marks, know-how, trade secrets, works and Pritikin Confidential Information; (iv) stop preparing Pritikin Recipe Foods (if applicable); (v) refrain from providing, endeavoring to provide, or purporting to provide any ICR program using the Pritikin ICR Program or its functional equivalent; (vi) return or destroy all promotional materials bearing the Marks; and (vii) if so requested, certify in writing that it has complied with the foregoing.

(c) For purposes of this Agreement, "Run-off Period" shall mean any Pritikin approved period of time requested by Provider to complete the Pritikin ICR Program sessions for existing Patients following termination of this Agreement. In the event of any termination or expiration of the Agreement Term, Provider shall continue to pay all Certification Payments, charges, and fees due under this Agreement for the period prior to the effective date of the termination of the Agreement and any Run-Off period, if applicable.

7.6 Survival of Terms. Terms and conditions which by their nature survive the termination of this Agreement shall survive and continue beyond the term and termination of this Agreement, including, without limitation, Sections 4.1, 4.3, 4.4, 7.5, 8.2, 9, 10, 11, 12, 13.6, 13.7, and Appendix 1.

7.7 Early Termination of Rights and Obligations. Within the twelve (12) months following the Provider Certificate Date, Provider has the right to provide a written termination notice (a "Notice") to Pritikin that it is exercising a right to early termination of its obligations under this Agreement. Once a Notice is given, Provider can no longer offer and teach the Pritikin ICR Program and to make corresponding Certification Payments to Pritikin. Notwithstanding the foregoing, Provider shall continue to teach the Pritikin ICR Program to Patients enrolled in the Pritikin ICR Program prior to the date a Notice is given through such Patients' full completion of the Pritikin ICR Program and Provider shall continue to make the corresponding Certification Payments to Pritikin related to such Patients. Notwithstanding the giving of a Notice and except as set forth in the next succeeding sentence, all remaining provisions of this Agreement, including but not limited to Sections 2.3, 4.3 (only as to sessions given prior to the giving of a Notice and to Patients enrolled in the Pritikin ICR Program prior to the giving of a Notice), 4.4, 6 (first sentence only), 6.1, 7.5 (except that Subparagraphs (a) and (b) shall become operative upon giving of a Notice), 8.1, 8.2, 9.3, 10, 11, 12, 13, Appendix 4 and Appendix 7 shall remain in full force and effect. Upon the giving of a Notice, the following provisions of this Agreement shall no longer survive: Sections 1, 2.1, 2.2, 3, 4.1 (except as required by Paragraph 2 above), 4.3 (except as to Certification Payments related to sessions given prior to the giving of a Notice and to Patients enrolled in the Pritikin ICR Program prior to the giving of a Notice), 5, 6.2, 7.2, 7.3, 7.4, the rights (not the obligations) set forth on Appendix 1, and Appendix 2 (except as to sessions given prior to the giving of a Notice).

8. Records and Audits.

8.1 Maintenance of Records. Provider shall maintain complete and accurate accounting records in accordance with generally acceptable accounting principles for healthcare institutions to substantiate and verify (a) amounts of payments made or due to Pritikin, and (b) Provider's general compliance with the terms and conditions of this Agreement.

8.2 Audit Rights. Upon fifteen (15) business days' written notice to Provider, Pritikin may annually during the Agreement Term (including any renewal periods), and during the two (2) year period following termination of this Agreement, audit or hire an independent auditor to audit the books and records of Provider for all matters related to the Pritikin ICR Program. In the event of any underpayment, Provider shall promptly make full payment to Pritikin (including any applicable interest). With respect to charges in connection with any audit, Pritikin shall pay the costs of performing such audit; provided that if the audit determines that Provider has underpaid an amount greater than five percent (5%) of the required fees and charges for the applicable audit period, or is determined to be in material breach of its other obligations under this Agreement, then, in addition to paying any underpayment (including any applicable interest), Provider shall reimburse Pritikin for the reasonable costs of performing such audit. In addition, in the event of an underpayment of greater than five percent (5%) Pritikin may audit Provider on a quarterly basis thereafter.

8.3 Operational Audits. Pritikin may, on an ongoing basis and at its cost and expense, audit the operational aspects of Provider's Pritikin ICR Program.

9. Representations and Warranties.

9.1 Mutual Representations and Warranties. Each Party represents and warrants to the other Party that:

(a) it is a legal entity, duly organized, validly existing and in good standing under the laws of the jurisdiction where it was organized as set forth in the introductory paragraph to this Agreement;

(b) it has full power and authority to enter into this Agreement and to consummate the transactions and perform its obligations contemplated hereby. This Agreement has been duly executed and delivered by such Party and constitutes a valid and binding agreement of it, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally or by general equitable principles; and

(c) the execution, delivery and performance of this Agreement by such Party does not constitute or cause a breach of its charter, by-laws, other organic documents, any license or permit, or any other agreement to which it is a party.

9.2 Additional Representations and Warranties of Provider Regarding Certain Franchise Laws. Provider represents and warrants to Pritikin that the following is true (with the understanding that Pritikin will rely on these details to claim an exemption from applicable franchise regulations):

(a) Provider (on its own and/or together with its Affiliates (as defined in Section 10.3)): (i) has been in business (whether a medical practice, hospital, or other business) for at least five (5) years; and (ii) has a net worth and assets equal to at least Six Million, One Hundred Sixty-Five Thousand and Five Hundred Dollars ($6,165,500); and/or

(b) Provider has more than two (2) years of experience in operating a medical practice and/or hospital that provides cardiac rehabilitation and related services; and Provider does not expect that the annual gross revenue generated by the Pritikin ICR Program will exceed twenty percent (20%) of the Provider's overall gross revenue from all its operations; and the required upfront payment Provider is making to Pritikin (if any) will not exceed ten percent (10%) of Provider's net worth.

9.3 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES.

(a) TO THE MAXIMUM EXTENT PERMITTED BY LAW, EXCEPT AS SET FORTH ABOVE IN SECTION 9.1, PRITIKIN DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, ORAL OR IN WRITING, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO VALIDITY, ENFORCEABILITY, NON-INTERRUPTION, ERROR-FREE OPERATION, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, PROFITABILITY, NON-INFRINGEMENT OR THE LIKE WITH RESPECT TO THE PRITIKIN ICR PROGRAM.

(b) Pritikin does not warrant that the Pritikin ICR Program will meet Provider's or Patients' requirements or expectations. Pritikin is not a health care provider and does not engage in any direct or indirect Patient care, whether in connection with the Pritikin ICR Program or otherwise. Nothing in this Agreement shall be construed to interfere with the independent professional medical judgment of Provider's physicians or the right and duty of Provider and its personnel to advise Patients on appropriate alternate treatment and care options available to them. Accordingly, Provider represents that it accepts sole and complete responsibility for (i) Patient care; (ii) implementation and operation of the Pritikin ICR Program to achieve the intended results for Patients; and (iii) Patient results derived and obtained from using the Pritikin ICR Program, and Provider's use or application of such results in Provider's decision-making for Patients. Provider shall not assert any claims against Pritikin, and Pritikin hereby disclaims any responsibility or liability, whether based upon theories of negligence, gross negligence, strict liability, fraud, misrepresentation, or otherwise in connection with the preceding subsections (i) through (iii). IN NO EVENT SHALL PROVIDER BE CONSIDERED PRITIKIN'S AGENT OR SUBCONTRACTOR, AND PRITIKIN IS NOT RESPONSIBLE FOR PROVIDER'S PERFORMANCE OF ITS PATIENT CARE PROGRAMS WHETHER OR NOT USING THE PRITIKIN ICR PROGRAM.

10. Insurance, Notification of Claims, and Indemnification.

10.1 Insurance. Provider shall maintain general commercial liability and professional liability/medical malpractice insurance policies with a company having an A.M. Best rating of "A" or better with limits of no less than (a) $1,000,000 per occurrence, and (b) $3,000,000 in the aggregate during the Agreement Term, and for three (3) years following termination of this Agreement. Provider shall name Pritikin LLC, Pritikin ICR LLC, Florida Pritikin Center LLC, Pritikin Foods LLC, The Pritikin Organization LLC, Pritikin Trademark Company LLC, and Pritikin's other designated Affiliates as additional insureds. Provider's insurance shall be primary and non-contributory over any insurance coverage available to Pritikin. Upon execution of this Agreement, Provider shall furnish Pritikin a certificate of insurance evidencing the required coverage, including the naming of Pritikin LLC, Pritikin ICR LLC, Florida Pritikin Center LLC, Pritikin Foods LLC, The Pritikin Organization LLC, Pritikin Trademark Company LLC and Pritikin's other designated Affiliates as additional insureds, and shall submit a certificate of insurance to Pritikin annually thereafter, within ten (10) days of each anniversary of the Execution Date. Pritikin shall maintain general commercial liability insurance or similar coverage with a company having an A.M. Best rating of "A" or better with limits of no less than (a) $1,000,000 per occurrence, and (b) $3,000,000 in the aggregate during the Agreement Term, and for three (3) years following termination of this Agreement.

10.2 Notification of Claims. Provider agrees that it shall provide written notice to Pritikin of the occurrence of any of the following within ten (10) business days of such occurrence:

(a) The filing of any suit, administrative or regulatory action against Provider, or the receipt of a government subpoena or notice of government audit or investigation in any way related to the Pritikin ICR Program.

(b) Notice of any claim against or incident involving Provider in any way related to the Pritikin ICR Program.

10.3 Indemnification.

(a) Subject to Section 11, each Party (an "Indemnifying Party") agrees to defend, indemnify, reimburse and hold the other Party, and its respective directors, officers, employees, Affiliates and agents (the "Indemnified Party"), harmless from and against any and all costs, damages, expenses, and losses (including, without limitation, reasonable attorneys' fees) (collectively, "Losses"), resulting from, arising out of, a breach of this Agreement, or in any way connected with third-party claims due to (i) the unauthorized use or disclosure by the Indemnifying Party of any Confidential Information of the Indemnified Party, or (ii) the negligent, intentionally wrongful or illegal acts or omissions of the Indemnifying Party or any of its agents, employees or subcontractors. In addition, Provider agrees to indemnify, reimburse and hold Pritikin harmless from and against all Losses arising out of or related to Provider's CR and ICR services and related activities, whether or not using the Pritikin ICR Program. For purposes of this Agreement, an "Affiliate" of a Party is a person or entity controlling, controlled by or under common control with such Party; with respect to Pritikin, "Affiliate" shall explicitly include, but not be limited to, Pritikin LLC, Pritikin ICR LLC, Florida Pritikin Center LLC, Pritikin Foods LLC, The Pritikin Organization LLC, Pritikin Trademark Company LLC.

(b) Infringement. Pritikin, as the Indemnifying Party, agrees to defend, indemnify, and hold Provider, and its respective directors, officers, employees, Affiliates (as defined in this Section) and agents, as the Indemnified Party, harmless from and against any and all Losses to the extent they arise out of a claim that Provider's use of the Pritikin ICR Program or Pritikin Program materials for Provider's ICR Program infringes a patent, copyright, trade secret or other intellectual property right of a third party provided that the requirements of subsection (c) below are followed. Pritikin shall have no obligations under this Section to the extent the claim, liability, loss or damage is attributable to any action or omission of the Indemnified Party including, without limitation, failure of the Indemnified Party to comply with this Agreement or applicable laws and regulations or, to the extent the claim is attributable to the Indemnified Party's (1) use of the Pritikin ICR Program or Pritikin Program materials in breach of this Agreement; (2) modifications to the Pritikin ICR Program or Pritikin Program materials that are unauthorized by Pritikin; (3) combination of the Pritikin ICR Program or Pritikin Program materials with products or services not provided by Pritikin; (4) continued use of the infringing Pritikin ICR Program or Pritikin Program materials after Pritikin has provided notice that it is satisfied that the alleged infringement has merit; or (5) failure to use modifications to the Pritikin ICR Program or Pritikin Program materials supplied by Pritikin that would have avoided the infringement. In the event there is a finding of infringement, Pritikin may, at its option, obtain the right for Provider to use the Pritikin ICR Program and/or Program materials, substitute an equivalent, or modify the Pritikin ICR Program and/or Program materials so they are no longer infringing but function in an equivalent manner, to the extent feasible, or, if none of the foregoing remedies are commercially feasible, terminate Provider's right to the allegedly infringing products and refund to Provider any amount paid for those portions of the Pritikin ICR Program and/or Program materials that are no longer usable by Provider. Provider's rights under this section constitute its sole and exclusive remedy and Pritikin's sole and exclusive obligation with respect to any infringement of any intellectual property rights of any third party claimed by virtue of Provider's use of the Pritikin ICR Program or the Pritikin Program materials.

(c) Notice. The Indemnified Party will promptly notify the Indemnifying Party of any indemnifiable claim, demand, suit or proceeding, and upon written request by the Indemnified Party, the Indemnifying Party will promptly defend and continue the defense of such claim, demand, suit or proceeding at the Indemnifying Party's expense. The Indemnified Party will provide the Indemnifying Party all reasonably accessible information regarding such claims in the Indemnified Party's possession. If the Indemnifying Party fails to undertake and continue such defense, the Indemnified Party will have the right (but not the obligation) to make and continue such defense as it considers appropriate, and the expenses and costs thereof, including but not limited to reasonable attorneys' fees, out-of-pocket expenses and the costs of an appeal and bond thereof, together with the amounts of any judgment rendered against the Indemnified Party, will be paid by the Indemnifying Party. The Indemnifying Party shall not enter into any settlement of an indemnified claim that does not provide the Indemnified Party with a general release as a condition of settlement without the prior written approval of the Indemnified

Party. Nothing herein will prevent the Indemnified Party from defending, if it so desires in its own discretion, any such claim, demand, suit or proceeding at its own expense through its own counsel, notwithstanding that the defense thereof may have been undertaken by the Indemnifying Party.

11. Limitation of Liability.

11.1 NEITHER PARTY SHALL BE LIABLE TO THE OTHER UNDER THIS AGREEMENT FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES, SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS OR LOST BUSINESS EVEN IF INFORMED OF THE POSSIBILITY THEREOF. THESE LIMITATIONS SHALL APPLY TO ALL CAUSES OF ACTION INCLUDING, WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATION, AND OTHER TORTS.

11.2 IN NO EVENT SHALL THE AGGREGATE LIABILITY OF PRITIKIN ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT EXCEED THE AMOUNT OF FEES ACTUALLY RECEIVED BY PRITIKIN FROM PROVIDER DURING THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING THE EVENT THAT GIVES RISE TO SUCH LIABILITY.

12. Confidentiality.

12.1 Confidential Information. "Confidential Information" shall, for the purpose of this Agreement, mean this Agreement and all information disclosed by one Party (the "Disclosing Party") to the other Party (the "Receiving Party") during or prior to the Agreement Term in connection with programs, products, equipment, accounting, costs, suppliers, clients, markets, customers, or otherwise. Confidential Information includes, without limitation, information, whether or not marked as "confidential," disclosed in writing, orally, visually, electronically or by any other means furnished, and whether before or after the Execution Date. The Parties acknowledge that all lectures, training, videos, best practices, administrative and Patient resource binders, Pritikin Recipes, educational materials, workshop materials, brochures, the Pritikin reporting portal, and other information and materials provided by Pritikin to Provider, other than materials intended to be provided to Patients or otherwise published or publicly disseminated, are deemed "Pritikin Confidential Information."

12.2 Requirements. Each Receiving Party agrees (a) to use the Disclosing Party's Confidential Information only for the purposes of this Agreement; (b) not to use or exploit any of the Disclosing Party's Confidential Information directly or indirectly for its own benefit or for the benefit of any third party in a manner inconsistent with that purpose; and (c) not to disclose the Disclosing Party's Confidential Information in any way or in any form to third parties, without the Disclosing Party's prior specific written authorization. Further, each Receiving Party agrees to disclose the Confidential Information only to those of its officers, directors, employees, Affiliates, subcontractors, or others under its control ("Representatives") who have a need to know the Confidential Information, and who have first agreed in writing to be bound by the terms of Section 12. The Receiving Party shall be responsible for any breach of this Agreement by or caused by any of its Representatives, and the Receiving Party agrees, at its own expense, to take all reasonable measures (including but not limited to court proceedings) to restrain its Representatives from disclosures prohibited by Section 12. The Receiving Party shall not disclose any of the Disclosing Party's Confidential Information to any contractor or other third party, including its Affiliates, without the Disclosing Party's prior written consent.

12.3 Exceptions. The term Confidential Information shall not include information which (a) is or becomes publicly available other than as a result of a disclosure by the Receiving Party or its Representatives; (b) is or becomes available to the Receiving Party on a non-confidential basis from a source (other than the Disclosing Party or its Representatives) which is not prohibited from disclosing such information to the Receiving Party by a legal or contractual obligation; (c) is independently developed by the Receiving Party as demonstrated by written or documented evidence; (d) was known by the Receiving Party prior to the transmission by the Disclosing Party to the Receiving Party, as demonstrated by written or documented evidence; or (e) is required to be disclosed as a result of governmental or judicial action, provided, the Disclosing Party is given prompt written notice of such request in order to afford it an opportunity to seek a protective order.

12.4 Return of Information. The Receiving Party shall, at the request of the Disclosing Party, retrieve all Confidential Information from its Representatives, and shall (a) promptly return all Confidential Information held or used by the Receiving Party in whatever form, or (b) at the discretion of the Disclosing Party, promptly destroy all such Confidential Information, and certify that the Receiving Party has fully complied with this Section 12.4.

12.5 Injunctions. In view of the difficulties of placing a monetary value on the Confidential Information, the Disclosing Party shall be entitled to a preliminary and final injunction without the necessity of posting any bond or undertaking in connection therewith to prevent any further breach of Section 12 or further unauthorized use of its Confidential Information. This remedy is separate from and in addition to any other remedy the Disclosing Party may have at law or equity.

12.6 Notice of Certification Status. Each Party shall be permitted to inform MAC, CMS, the Party's customers and prospective customers, and the public, whether directly, via the Party's Web site or otherwise: that Provider is offering, is Pritikin-certified to offer, and/or intends to offer ICR using the Pritikin ICR Program, as the case may be, and, in the event it becomes applicable, that Provider is no longer Pritikin-certified to offer ICR using the Pritikin ICR Program.

12.7 Proprietary Materials. Provider acknowledges that the Pritikin ICR Program, lectures, videos, administrative resource and Patient binders, brochures, DVDs, Pritikin Recipes, brochures, the Pritikin reporting portal, educational materials, workshop materials and other materials made available to Provider under this Agreement include the works, marks, confidential information, trade secrets and know-how of Pritikin that are subject to copyright, trademark, trade secret and other laws of the United States and foreign countries ("the Pritikin Materials"). Provider shall not offer or develop videos or other materials for an ICR program using the Pritikin Materials and shall not duplicate, make derivative works of, distribute, perform, display, or use the Pritikin's Materials, except as authorized under this Agreement. Any new works created by the Provider based on or incorporating any of the Pritikin Materials, including but not limited to developments, research, studies, analyses and surveys made or authorized by Provider, shall belong to Pritikin, and such works and developments shall be treated as Pritikin Materials supplied to Provider under this Agreement. Provider shall not permit the unauthorized use or duplication of Pritikin Materials and shall safeguard against any such authorized use or duplication.

12.8 Business Associate Agreement. The Parties agree that Pritikin shall serve as a Business Associate of Provider under the terms of the Business Associate Agreement set forth in Appendix 4.

13. Miscellaneous.

13.1 Integration, Modification and Waiver. This Agreement, including the attached Appendices which are integral to and binding parts of this Agreement, constitutes the entire agreement between the Parties pertaining to its subject matter and supersedes all prior and contemporaneous agreements, representations, and understandings of the Parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all the Parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver. However, nothing in this Section is intended as, nor will it be, a disclaimer by Pritikin of any representation made in Pritikin's Franchise Disclosure Document ("FDD"), including the exhibits and any amendments to the FDD.

13.2 Counterparts; Facsimiles. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the Parties may be transmitted by facsimile or other electronic communication, and will, for all purposes, be deemed to be the original signature of such Party whose signature it reproduces and will be binding upon such Party.

13.3 Severability. If any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

13.4 Rights of Parties; Assignment. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or otherwise transferred, by merger or otherwise, by Provider without the prior written consent of Pritikin. A sale, transfer, assignment, conveyance or other disposition of fifty percent (50%) or more of an ownership interest in Provider shall be deemed to be an assignment under this Agreement. Pritikin may assign its rights under this Agreement to an Affiliate of Pritikin and any other person or entity which acquires Pritikin or Pritikin's ICR licensing business, so long as the acquirer assumes all of Pritikin's obligations under this Agreement.

13.5 Notices. All notices to the Parties concerning this Agreement will be effective only if they are in writing and delivered personally, by fax, by certified mail, by electronic mail, or by overnight courier, to the attention of the person and at the address or fax number designated below. Either Party may change the person to receive notice or the applicable contact information by providing notice to the other. Notices will be deemed to have been given and to have been received when they are properly delivered. Any such notices will be addressed as follows:

If to Pritikin:

Terry Rogers, President
Pritikin ICR LLC
7701 Forsyth Blvd., Suite 600
St. Louis, MO 63105
Phone: (314) 932-7990
Facsimile: (314) 727-7664
Email: trogers @pritikin.com

with a copy to:

Kenneth R. Morrow, Esq.
Blank Rome LLP
1825 Eye Street NW
Washington, DC 20006-5403
Phone: (202) 420-4766
Email: kmorrow@blankrome.com

with a copy to:

Dave Arnold, Vice President
Pritikin ICR LLC
c/o Fox Family Office
7701 Forsyth Boulevard, Suite 600
St. Louis, MO 63105
Phone: (314) 727-5550
Facsimile: (314) 727-9167
Email:
darnold@harbourgroup.com

If to Provider:

_____
Address
Attention:
Phone:
Facsimile:
Email:

with a copy to:

13.6 Choice of Law; Choice of Venue; Waiver of Jury. Recognizing the law of the State of Delaware is especially well-developed for the purpose of determining the Parties' respective rights and responsibilities and giving effect to the Parties' contract, this Agreement and the legal relations between the Parties hereto shall be governed by and conducted in accordance with the laws of the State of Delaware without giving effect to any law or rule that would cause the law of any jurisdiction other than the State of Delaware to be applied. The Parties also agree that nothing in this Section 13.6 is intended by the Parties to subject this Agreement to any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine

of law and/or regulation of the State of Delaware to which this Agreement would not otherwise be subject were it not for this Section 13.6. Any action under, relating to or arising under this Agreement, whether federal or state, must be brought only in the federal or state court in Wilmington, Delaware. The Parties agree that this Section 13.6 will not be construed as preventing either Party from removing an action from state to federal court; provided, however, that venue will be as set forth above. The Parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. **Each Party irrevocably waives trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.**

13.7 Non-Solicitation.

(a) Neither Pritikin nor Pritikin ICR Affiliates (as defined in Section 13.7(c)) shall, directly or indirectly, during the Agreement Term and for a period of six (6) months from the date of termination of this Agreement:

(i) solicit, engage, compensate, induce away or hire for employment or other representation, any officer, employee, consultant, agent or other representative employed or retained by Provider or Provider ICR Affiliates (as defined in Section 13.7(c)) (each, a "Provider Restricted Employee");

(ii) solicit or induce any Provider Restricted Employee to terminate any relationship such person may have with Provider or Provider ICR Affiliates, or

(iii) encourage any third party (including any Provider Restricted Employee) to do any of the foregoing.

(b) Neither Provider nor Provider ICR Affiliates (as defined in Section 13.7(c)) shall, directly or indirectly, during the Agreement Term and for a period of six (6) months from the date of termination of this Agreement:

(i) solicit, engage, compensate, induce away or hire for employment or other representation, any officer, employee, consultant, agent or other representative employed or retained by Pritikin or Pritikin ICR Affiliates (each, a "Pritikin Restricted Employee");

(ii) solicit or induce any Pritikin Restricted Employee to terminate any relationship such person may have with Pritikin or Pritikin ICR Affiliates, or

(iii) encourage any third party (including any Pritikin Restricted Employee) to do any of the foregoing.

(c) The terms set forth in Section 13.7(a) and (b) are not intended to (i) prevent a Party (including, as applicable, Pritikin ICR Affiliates or Provider ICR Affiliates) from hiring any Pritikin or Provider Restricted Employee, as the case may be, who contacts the other Party or its ICR Affiliates after the date of termination of such Restricted Employee's employment, so long as such Restricted Employee makes such contact on his or her own initiative, without direct or indirect solicitation from the other Party, or its ICR Affiliates, or (ii) prohibit either Party or its ICR Affiliates from placing public advertisements or conducting any other form of general solicitation which is not targeted toward officers, employees, consultants, agents or other representatives of the other Party or any of its ICR Affiliates. For purposes of this Section 13.7, the term "Pritikin ICR Affiliates" means Pritikin's Affiliates involved with the Pritikin ICR Program. "Provider ICR Affiliates" means Provider Representatives and those Provider Affiliates that contract, or are in contact with Pritikin related to the implementation and operation of the Pritikin ICR Program.

13.8 Interpretation. The Parties acknowledge and agree that this Agreement has been freely negotiated and entered into by each Party and that no court should in any manner construe any ambiguity against the draftsman solely by virtue of its role as draftsman.

13.9 Independent Parties. The Parties acknowledge and agree that (a) the Parties are and will remain independent contractors, and nothing in this Agreement, or in the course of conduct of the Parties, is intended (nor may it be construed) to constitute either Party as an agent, fiduciary, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other Party for any purpose whatsoever; (b) each Party is solely the employer of its employees, and the other Party will not play any role in decisions regarding the employment of those individuals, such as recruitment, hiring, compensation, relations, review, and/or dismissal; and (c) each Party assumes sole and complete responsibility for the employment, compensation, control, and conduct of its employees and all aspects of its operations. Further, the Parties agree that any guidance or assistance that Pritikin may provide and/or requirements relating to participation in the Pritikin ICR Program are intended to promote and protect the value of the Pritikin ICR Program and the Marks.

[THE REMAINDER OF THIS PAGE INTENTIONALLY OMITTED]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Execution Date.

| | |
|---|---|
| PRITIKIN ICR LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**Facility:**

**Name:**

**Address:**

## Appendix 1

**License and Use of Marks:**

1. Subject to the provisions of the Agreement, Provider is hereby granted a terminable, revocable, personal, limited, non-exclusive license to use the Marks (as defined herein) for the period commencing upon completion of the Certification Requirements (or upon conditional approval by Pritikin) and thereafter during the term of the Agreement, solely for offering the Pritikin ICR Program at the Facility, without the right to grant sublicenses (the "License"). The "Marks" shall mean the mark(s) Pritikin now or in the future may designate from time to time for use in connection with the Pritikin ICR Program. The Marks currently include: PRITIKIN CERTIFIED INTENSIVE CARDIAC REHAB; PRITIKIN INTENSIVE CARDIAC REHAB; PRITIKIN CERTIFIED INTENSIVE CARDIAC REHAB (and design); PRITIKIN INTENSIVE CARDIAC REHAB (and design); A HEALTHIER YOU. SCIENTIFICALLY.; and COMPREHENSIVE LIFESTYLE CHANGE. All use of the Marks by Provider and all services and products provided and sold by Provider under the Marks shall be subject to the written approval of Pritikin and comply with the standards, requirements and quality provisions as may be established by Pritikin from time to time. Provider will use the Marks on signage and other materials utilized in connection with the Pritikin ICR Program.

2. Pritikin is granted access by Provider at all times to inspect the use of the Marks.

3. Provider agrees and acknowledges that the Marks are the exclusive property of Pritikin or its licensor, and Provider shall not now or hereafter assert any claim to the goodwill or reputation of Pritikin or its licensor, or the goodwill associated with the Marks. Provider acknowledges all use of the Marks shall inure solely to Pritikin's benefit. Provider shall not commit, or cause any third party to commit, any act challenging, contesting, or in any way impairing or attempting to impair, Pritikin's right, title and interest in and to the Marks.

4. Whenever and wherever Provider promotes its intensive cardiac rehabilitation program, it shall always prominently indicate that such program is the "Pritikin ICR Program" or the "Pritikin Intensive Cardiac Rehabilitation Program." Whether on signage, advertising and/or other written, audio, video or electronic materials, any references to the Pritikin ICR Program shall appear in a prominent position and in at least the same character and prominence of Provider's own trade names or service marks, as distinct from any generic designations.

5. Provider shall promptly notify Pritikin of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to Pritikin's ownership of, right to use, and to license others to use, or Provider's right to use the Marks. Pritikin shall have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. Pritikin shall have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

6. Pritikin shall have the right, upon reasonable notice, to change, discontinue, or substitute any of the Marks and to adopt new Marks for use with the Pritikin ICR Program without any liability for any diminishment of the brand. Neither Pritikin nor its Affiliates will have any obligation to reimburse Provider for any expenditures Provider makes because of any such discontinuance or modification.

7. Immediately upon the termination or expiration of the Agreement, the License shall be terminated and revoked.

8. Pritikin's right to use and license others to use the Marks is exercised under a trademark license agreement (the "TM Agreement") between Pritikin and The Pritikin Organization LLC. Under the TM Agreement, Pritikin is granted the right to use and to permit others to use the Marks. The TM Agreement has a term ending February 28, 2022, with automatic one-year renewal terms. If Pritikin were ever to lose its rights to the Marks, Provider's rights to use the Marks under the Agreement would terminate.

## Appendix 2

## Pritikin ICR Program Certification Requirements

A. **Personnel Requirements**

1. Each Facility where the Pritikin ICR Program is offered shall (except as provided in paragraph (h) below) have the following personnel (Provider may determine the titles of the personnel) ("Required Personnel"):

(a) "Program Director" – The Program Director will be in charge of the Pritikin ICR Program. Typically, the Program Director would be an existing manager overseeing the operation of the Provider's Cardiac Rehabilitation Program.

(b) "Registered Dietitian" – The Registered Dietitian will be a Registered Dietitian, authorized to use such title by the Commission on Dietetic Registration of the Academy of Nutrition and Dietetics and licensed as required in the state where the Facility is located. The Registered Dietitian may be assigned by Provider to conduct cooking workshops. The Registered Dietitian may be an employee or a contractor and may be part-time or full-time.

(c) "Medical Director" – Subject to Medicare's requirements, the Medical Director must (i) have expertise in the management of individuals with cardiac pathophysiology, (ii) have cardiopulmonary training in basic life support or advanced cardiac life support, and (iii) be licensed to practice medicine in the state in which the program is offered.

(d) "Mental Health Professional" – Provider's employee or contractor responsible for conducting the Health Mindset Workshops. Consistent with the AACVPR guidelines, the Mental Health Professional will be a licensed professional in the areas of clinical social work, counselor, psychologist or psychiatrist, or certified as a wellness coach, or possess a bachelor's degree with a major or minor emphasis in the area of psychology or social work, and shall be experienced in psychological assessments, administration of behavioral health interventions, and counseling with cardiac rehabilitation/secondary prevention or chronic disease. The Mental Health Professional may be an employee or a contractor and may be part-time or full-time.

(e) "Exercise Physiologist or Specialist" – Typically, the Exercise Physiologist or Specialist would be an existing exercise physiologist or nurse working on the floor of the Provider's cardiac rehabilitation program.

(f) "Culinary Chef" – If the Registered Dietitian does not assume responsibility for cooking workshops for Patients, Provider shall assign a Culinary Chef to assume such responsibility.

(g) "Patient Liaison" – The Patient Liaison is responsible for visiting patients prior to enrollment in the Pritikin ICR Program to educate the Patients about the program and assist in the enrollment process as necessary.

Such Required Personnel shall be employed or contracted directly by Provider, or to the extent it is executed, made available to Provider by Pritikin pursuant to Addendum #2: Pritikin Live Personnel Services ("Addendum #2").

2. All Program Directors and Medical Directors are subject to approval by Pritikin prior to training.

3. If a Program Director, Registered Dietitian, or Medical Director ceases to be involved in the Pritikin ICR Program, a replacement must be substituted as soon as possible but not later than within eight (8) weeks following the departure of the former Program Director, Registered Dietitian, or Medical Director. If two

of the three (3) foregoing individuals cease to be involved in the Pritikin ICR Program, then Provider may not be operational for more than eight (8) weeks following the departures, unless Provider has a continuity plan and back up trainees in place.

B. **Implementation and Training Requirements**

Provider's Required Personnel and all cardiac rehabilitation staff must complete Pritikin's comprehensive implementation and training program (the "Training Program"). The Training Program will take place over approximately 8 weeks immediately prior to Facility's opening. The exact scheduling of the Training Program's components will depend upon Facility's readiness to open and Provider and staff availability.

During the Implementation and Training Process, the Pritikin ICR Implementation Team:

- Leads and facilitates the program implementation process and meetings with Provider and its key personnel
- Assesses and assures Provider readiness for program opening
- Identifies best practice and organic growth opportunities.

The Training Program will begin with an implementation kick-off meeting at the Facility. Required Personnel, as well as IT, marketing and billing personnel should be in attendance. The purpose of the kick-off meeting is to:

- Review Pritikin's Best Practices with all Provider employees to establish Pritikin expectations of ICR patient experiences.
- Explore current operational processes and offer enhanced methods for program efficiency when ICR program components are implemented.
- Assure readiness and confirm Provider compliance to begin delivery of the Pritikin ICR program.

Following the kick-off meeting, Pritikin will provide 6 weeks of remote training. Such remote training will include weekly remote sessions provided by Pritikin, including webcasts and other presentations. The Required Personnel and cardiac rehabilitation staff will also be given home-study assignments and self-paced educational materials to complete.

During the week prior to Facility's opening to provide ICR, Pritikin will provide a 1.5 day on-site training session for Required Personnel and all cardiac rehabilitation staff. Required Personnel and cardiac rehabilitation staff must participate in the Training Program to the greatest degree possible.

The last week of the Training Program will take place during the first week that Facility provides the Pritikin ICR Program. During that week, Pritikin will make a Pritikin Account Manager available on-site at Facility to provide support and operational suggestions and guidance.

The fee for the Training Program ("Training Program Charges") shall be $19,500, based on the presumption that the training will occur at the Facility, without charge. To the extent that any of the training takes place outside of the Facility (other than the remote training sessions) and there is an additional charge, Pritikin may pass such charge along to Provider for reimbursement.

Notwithstanding the foregoing, to the extent Provider executes Addendum #1: Virtual Intensive Cardiac Rehab Platform ("Addendum #1") and Addendum #2, such that all non-exercise Pritikin ICR Program sessions will be delivered remotely and administered by Pritikin Personnel (as defined in Addendum #2), the Training Program Charges shall be $12,500, until such time as Provider begins providing such sessions on-site at the Facility, at which point all Required Personnel (which are not Pritikin Personnel) and other cardiac rehabilitation staff must complete required training, as determined by Pritikin. At that time, Provider shall pay Pritikin the remaining $7,000 Training Program Charge balance ($19,500 - $12,500).

Provider will make Required Personnel available for updated or refresher training, as determined necessary by Pritikin and Provider. To the extent new Required Personnel are hired, such individuals will be required to go through a certification process with Pritikin, which may include training, at no additional charge to Provider.

C. **Reporting Requirements**: Provider shall enter all required data into the Pritikin data portal ("Portal") on a timely basis. Provider shall input new Patient enrollment data into the Portal within three (3) working days of Patient enrollment and prior to such Patient's first Pritikin ICR Program session. Patient session attendance for videos shall be input into the Portal. Patient exercise and other ICR sessions shall be input into the Portal every day an exercise or other ICR session takes place. Required reports not submitted using the Portal shall be submitted on forms designated by or agreed to by Pritikin.

1. Billing Report: Provider shall furnish by the 5th business day following month end a system generated report indicating the aggregate billable ICR and CR sessions for the previous month provided at Provider's ICR Program Facility.

2. Provider shall comply with all CMS ICR Program Component requirements, and shall regularly monitor and record each Patient's progress, including all relevant pre- and post- program biomarkers. To the extent authorized for disclosure by Patients under the Patient Authorization set forth in Appendix 7, Provider shall (a) make this information available to Pritikin upon Pritikin's request, both for individual Patients and as a collective group of Patients that have participated in the Pritikin ICR Program; (b) provide such other information as is typically gathered in standard registries, including whether a Patient participated in ICR or CR, age, gender, smoking status, number of sessions prescribed and completed, as well as qualifying event, co-morbidities, medication, weight, waist circumference, lipid profiles, hbA1C (Diabetics only), Fasting Blood Sugar (FBS), Metabolic Syndrome (fasting insulin and hsCRP optional), 6 minute walk/cycle test or METs, readmissions, Psychological Assessment; and (c) provide certain industry data, as may be requested from time to time by Pritikin.

D. **Program Administration**

1. Provider must enroll with its local Medicare Administrative Contractor ("MAC") as an ICR program supplier using CMS Form 855B. Pritikin will issue Provider a Pre-Certification letter substantially in the form of Appendix 5 indicating Provider's suitability to use the Pritikin ICR Program. Provider will promptly submit (with a copy simultaneously sent to Pritikin) a Medicare 855B application along with the Pre-Certification Letter to the applicable MAC for MAC approval before ICR implementation. Provider will furnish Pritikin a copy of the MAC approval letter indicating the effective date of MAC approval as an ICR supplier prior to or upon receipt of such letter. Provider will implement the Pritikin ICR Program in accordance with the Medicare statutes, regulations, guidance, and national coverage determinations, as established by CMS.

2. Provider shall establish and maintain an appropriate location in the Facility to operate the Pritikin ICR Program, including adequate space, equipment, and signage consistent with Appendix 1, License and Use of Marks and/or enter into Addendum #1 and Addendum #2 for the virtual delivery of the Pritikin ICR Program.

3. Provider will use only the Pritikin ICR Program content provided by Pritikin, as may be modified by Pritikin from time to time. Provider shall develop and maintain, subject to Pritikin's approval, the curriculum and educational sessions schedule required for the operation of the Pritikin ICR Program.

4. Provider shall purchase and utilize in its administration of the Pritikin ICR Program, the materials denoted as "Required Materials" on Schedule A to this Appendix 2, at the listed unit price. Additionally, Provider may choose, but is not required, to purchase and utilize the materials denoted as "Optional Materials" on Schedule A to this Appendix 2. Pritikin reserves the right to update the unit price for Optional Materials only, upon ninety (90) days' prior written notice to Provider.

5. Provider will obtain from each patient an informed consent including, at a minimum, the statements set forth in Appendix 6. Provider will also use reasonable efforts to obtain a Patient authorization to provide Patient information to Pritikin, in substantially the form of Appendix 7.

## Schedule A to Appendix 2

| REQUIRED MATERIALS | | |
|---|---|---|
| **Item** | **Ordering Quantities** | **Unit Price** |
| ICR Patient Resource Binder, which includes the following brochures/inserts:<br>*Simple Beginning Steps* Brochure<br>*Pritikin Eating Plan* Brochure<br>Goal Card<br>*Setting Effective Goals* Worksheet | Increments of 15 | $39.25 |
| Cardiac Rehab Patient Resources Folder | Increments of 5 | $4.00 |

| OPTIONAL MATERIALS | | |
|---|---|---|
| **Item** | **Ordering Quantities** | **Unit Price** |
| *Simple Beginning Steps* Brochure | Increments of 25 | $1.20 |
| *Progressing Toward the Pritikin Eating Plan* Brochure | Increments of 25 | $1.10 |
| *Pritikin Eating Plan* Brochure | Increments of 25 | $1.00 |
| Goal Card | Increments of 25 | $0.10 |
| *Setting Effective Goals* Worksheet | Increments of 25 | $0.25 |
| *7-Day Menu and Heart-Healthy Recipes* Booklet | Increments of 10 | $2.00 |
| Banner Stand (*co-branding available*) | Individually | $200.00 |
| Patient Introduction Brochure | Increments of 25 | FREE-OF-CHARGE |
| Physician Brochure | Increments of 25 | FREE-OF-CHARGE |
| Label Reading Guidelines Card | Increments of 25 | FREE-OF-CHARGE |
| *Eating for a Healthy Heart* Flyer | Increments of 25 | FREE-OF-CHARGE |
| Physician Office Heart Muscle Poster (unframed) | Individually | FREE-OF-CHARGE |
| ***SPANISH TRANSLATIONS*** | | |
| ICR Patient Resource Binder - **Spanish** | Individually | $39.25 |
| Cardiac Rehab Patient Resources Folder - **Spanish** | Individually | $4.00 |
| *Simple Beginning Steps* Brochure **- Spanish** | Increments of 25 | $1.20 |
| *Progressing Toward the Pritikin Eating Plan* Brochure - **Spanish** | Increments of 25 | $1.10 |
| *Pritikin Eating Plan* Brochure - **Spanish** | Increments of 25 | $1.00 |
| Goal Card - **Spanish** | Increments of 25 | $0.10 |
| *Setting Effective Goals* Worksheet - **Spanish** | Increments of 25 | $0.25 |
| Patient Introduction Brochure - **Spanish** | Increments of 25 | FREE-OF-CHARGE |
| *Eating for a Healthy Heart* Flyer - **Spanish** | Increments of 25 | FREE-OF-CHARGE |
| **START-UP ITEMS** | | |

| ***Provided free-of-charge during implementation process. Initial quantities based upon size of facility. Additional quantities available at prices indicated below.*** | | |
|---|---|---|
| Ballpoint Pen | Increments of 100 | $0.25 |
| Pen Holder | Increments of 5 | $5.00 |
| Mouse Pad | Increments of 5 | $5.00 |
| *Recipe of the Week* Holder | Individually | $15.00 |
| Embroidered Apron | Individually | $15.00 |
| Heart-Shaped Jar Opener | Increments of 25 | $0.10 |
| Exercise Equipment Sign with Chain | Increments of 5 | $5.00 |
| Balloons | Increments of 25 | $0.25 |

**Appendix 3**

**Form of Provider Certificate**

Provider:

Facility Location:

This certifies that Provider has met the Pritikin ICR Program certification requirements, and is certified to provide ICR services under the Pritikin ICR Program at the Facility for a three (3) year term, subject to the terms and conditions of the ICR Agreement between Provider and Pritikin. This further certifies that Provider employs individuals who have completed the educational and performance training requirements established by Pritikin.

Maintenance of this Provider Certificate is subject to ongoing compliance with Pritikin's certification requirements as set forth in the ICR Agreement.

Agreement Execution Date[1]: _____, 20__

Provider Certificate Date[2]: _____, 20__

Provider Certificate Expiration and Renewal Date[3]: _____, 20__

Second Provider Certificate Renewal Date: _____, 20__

PRITIKIN ICR LLC

By: _____
President

[1] Date on Page 1 of ICR Agreement

[2] Date this Provider Certificate is furnished to Provider; completed by Pritikin

[3] Three (3) years from the Provider Certificate Date

## Appendix 4

## Business Associate Agreement

In accordance with the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, Pub. L. 104-191, as amended under the Health Information Technology For Economic and Clinical Health Act, Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009, and their implementing regulations at 45 C.F.R. Parts 160 and 164, Subparts A, C, and E (collectively, "HIPAA"), Pritikin ICR LLC ("Business Associate") shall, to the extent it acts in the capacity of a Business Associate to the Provider ("Covered Entity") under the Agreement to which this BAA is attached, comply to the applicable requirements under this Business Associate Agreement ("BAA").

1. Definitions. Capitalized terms used, but not otherwise defined, in this Business Associate Agreement shall have the same meaning as those terms as used or defined under HIPAA, including but not limited to the following terms: Breach, Business Associate, Covered Entity, Data Aggregation, Designated Record Set, Individual, Minimum Necessary, Notice of Privacy Practices, Privacy Rule, Protected Health Information ("PHI") and Electronic Protected Health Information ("EPHI"), Required By Law, Secretary, Security Incident, Security Rule, Subcontractor, Unsecured Protected Health Information, and Workforce.

2. Obligations and Activities of Business Associate.

A. Business Associate agrees not to use or disclose PHI other than as permitted or required by the Agreement or this BAA, or as permitted or Required By Law.

B. Business Associate agrees to use appropriate safeguards to protect against any use or disclosure of PHI not provided for herein and to comply, where applicable, with Subpart C of 45 CFR Part 164 with respect to EPHI.

C. In accordance with 45 CFR 164.502 (e)(1)(ii) and 164.308(b)(2), Business Associate agrees to require that any Subcontractor, to whom it delegates any function or activity it has undertaken to perform on behalf of Covered Entity, and to whom it provides PHI received from or created, received, maintained, or transmitted on behalf of Covered Entity, agrees to substantially the same restrictions and conditions on the use or disclosure of PHI as apply through this BAA to Business Associate through a Business Associate Agreement between such Subcontractor and Business Associate.

D. Upon the Covered Entity's written request, and in a reasonable time and manner, Business Associate agrees to provide to Covered Entity PHI maintained by Business Associate in a Designated Record Set as required for Covered Entity to respond to a request for access under 45 CFR 164.524.

E. Upon the Covered Entity's written request, and in a reasonable time and manner, Business Associate agrees to make available PHI maintained by it in a Designated Record Set, and to make amendments to PHI, for Covered Entity to respond to a request for amendment under 45 CFR 164.526.

F. Business Associate agrees to make its internal practices, policies, procedures, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of Covered Entity, available for inspection and copying by the Secretary upon the Secretary's written request for same for purposes of the Secretary determining the Covered Entity's compliance with the HIPAA Rules.

G. Business Associate agrees to document such disclosures of PHI made by it, and information related to such disclosures, as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI under 45 CFR 164.528.

H. Upon written request by Covered Entity, and in a reasonable time and manner, Business

Associate agrees to provide to Covered Entity information collected in accordance with Paragraph G of this Section for Covered Entity to provide an accounting under 45 CFR 164.528.

I. To the extent Covered Entity specifically delegates to Business Associate one or more of Covered Entity's obligation(s) under Subpart E of 45 CFR Part 164, Business Associate agrees to comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s).

J. As soon as practicable, but in no event later than within ten (10) business days, Business Associate Agrees to report to Covered Entity any use or disclosure of PHI not provided for in this BAA or the Agreement of which it becomes aware, including breaches of Unsecured PHI as required under, and in the manner set forth at, 45 CFR 164.410, and any Security Incident of which it becomes aware. The Parties acknowledge and agree that this section constitutes notice by Business Associate to Covered Entity of the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents (as defined below) for which no additional notice to Covered Entity shall be required. "Unsuccessful Security Incidents" shall include, but are not limited to, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized acquisition, access, use, or disclosure of PHI.

3. Permitted Uses and Disclosures by Business Associate.

A. Business Associate may use or disclose PHI to perform functions, activities and services for or on behalf of, Covered Entity as provided in this BAA and the Agreement. Such uses and disclosures shall be limited to those that would not violate the Privacy Rule if done by Covered Entity except that Business Associate may use and disclose PHI: (i) for the proper management and administration of Business Associate or to carry out its legal responsibilities; provided that, in the case of any disclosures for this purpose, the disclosure is Required by Law or Business Associate obtains reasonable assurances in writing from the person to whom the information is disclosed, that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and that the person will notify Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached; and (ii) to provide Data Aggregation services to Covered Entity as permitted by 45 CFR 164.504(e)(2)(i)(B).

B. Business Associate may also use and disclose PHI: (i) to respond on behalf of Covered Entity to requests for PHI accompanied by an authorization that meets the requirements of 45 CFR 164.508; (ii) to de-identify the information or create a limited data set in accordance with 45 CFR §164.514, which de-identified information or limited data set may be used and disclosed by Business Associate as permitted by law, including HIPAA; (iii) to report violations of law to appropriate federal and state authorities, consistent with 45 CFR §164.502(j)(1); and (iv) as authorized in writing by Covered Entity.

C. Business Associate agrees to request, use and disclose PHI in compliance with the Minimum Necessary standard of the HIPAA Rule.

4. Obligations of Covered Entity

A. Covered Entity shall provide PHI to Business Associate in compliance with the Minimum Necessary standard of the Privacy Rule. Covered Entity shall not ask or require Business Associate to use or disclose Protected Health Information in a manner in which Covered Entity could not do as a Covered Entity except as permitted by 45 CFR 164.504(e) to perform Data Aggregation services.

B. Covered Entity represents and warrants that its Notice of Privacy Practices complies with 45 C.F.R. 164.520 and permits Covered Entity to use and disclose Protected Health Information in the manner that Business Associate is authorized to use and disclose Protected Health Information under this BAA.

C. To the extent that the Covered Entity honors a request to restrict the use or disclosure of PHI pursuant to 45 C.F.R. 164.522(a), Covered Entity agrees not to provide such PHI to Business Associate unless Covered Entity notifies Business Associate of the restriction and Business Associate advises Covered Entity that

it is able to accommodate the restriction. Covered Entity agrees to reimburse Business Associate for any increase in costs required to accommodate such restriction.

D. Covered Entity shall be responsible for using administrative, physical and technical safeguards at all times to maintain and ensure the confidentiality, privacy and security of PHI transmitted to Business Associate in accordance with the standards and requirements of the HIPAA Rules, until such PHI is received by Business Associate.

E. Covered Entity shall obtain any consent or authorization that may be required by applicable federal or state laws for Business Associate to provide its services under the Agreement.

5. Term and Termination.

A. This BAA shall become effective on the Execution Date of the Agreement and shall terminate on the same date that the Agreement terminates or as described in paragraph B of this Section 5.

B. If either party knows of a pattern of activity or practice of the other party that constitutes a material breach or violation of this BAA then the non-breaching party shall provide written notice of the breach or violation to the other party that specifies the nature of the breach or violation. The breaching party must cure the breach or end the violation on or before thirty (30) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to the non-breaching party within the specified timeframe, or in the event the breach is reasonably incapable of cure, then the non-breaching Party may terminate this BAA.

C. Upon termination of this BAA for any reason, Business Associate, with respect to PHI from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall (i) Retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities; (ii) Return to Covered Entity, or if agreed to by Covered Entity, destroy, the remaining PHI that Business Associate still maintains in any form; (iii) Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to EPHI to prevent use or disclosure of the protected health information other than as provided for in this Section, for as long as Business Associate retains the PHI; (iv) Not use or disclose the PHI retained by Business Associate other than for purposes for which such PHI was retained and subject to the same conditions as set out in Section 3 which applied prior to termination; and (v) Return to Covered Entity, or if agreed to by Covered Entity, destroy, the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

6. Survival. The obligations of Business Associate under Section 5. C. of this BAA shall survive the Termination of this BAA.

7. Miscellaneous.

A. Regulatory References. A reference in this BAA to a section in the HIPAA regulations means the section as in effect or as amended, and as of its applicable compliance date.

B. Changes to this BAA. The parties agree to negotiate in good faith to amend this BAA or the Agreement as necessary to comply with any changes to HIPAA.

C. Interpretation. Any ambiguity in this BAA shall be resolved to permit the parties to comply with HIPAA.

D. No Third-Party Beneficiaries. Nothing express or implied in this BAA is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity, Business Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

E. Independent Contractors. Business Associate and Covered Entity are and shall remain

independent contractors throughout the term. Nothing in this BAA shall be construed to constitute Business Associate and Covered Entity as partners, joint venturers, agents or anything other than independent contractors.

## Appendix 5

## Form of Approval Letter

[date]

Dear Medicare Administrative Contractor:

On behalf of Pritikin ICR LLC, I am writing to certify that [ ] has agreed to become an approved user of the Pritikin ICR Program. Pritikin was founded by Nathan Pritikin, and Pritikin ICR LLC has the exclusive right to use, market, and license the Pritikin Program. [ ] has committed to the training and other certification requirements of Pritikin ICR LLC to use the Pritikin Program.

The Centers for Medicare & Medicaid Services (CMS) determined, effective August 12, 2010, that the Pritikin Program "meets the intensive cardiac rehabilitation (ICR) program requirements set forth by Congress in § 1861(eee)(4)(A) of the Social Security Act and in regulations at 42 C.F.R. § 401.49(c)." CMS instructs sites wishing to provide ICR services using a CMS-approved ICR program to enroll in Medicare as an ICR supplier. CMS instructs its contractors to verify that each applicant for enrollment as an ICR supplier uses a CMS-approved ICR program. This letter serves as confirmation that [ ] is approved to use the Pritikin Program for purposes of [ 's] application for enrollment as an ICR supplier.

Sincerely,

President
Pritikin ICR LLC

## Appendix 6

## Informed Consent Relating to the Pritikin ICR Program

You understand that while the benefits of the Pritikin Program (the "Program") have been demonstrated in over 100 peer-reviewed published scientific studies for certain conditions, as in any rehabilitation program, or programs of such nature, results will vary by individual. This means that two individuals who comply with the Program requirements may have very different health outcomes. In addition, the demonstrated benefits of the Program were accomplished with individuals who were resident in a Pritikin facility where they consistently followed the Pritikin eating plan. Individuals who participate in the Program as outpatients and do not consistently follow the Pritikin eating plan guidelines outlined/described in the materials received while in the Program may not achieve the same results as individuals who are resident in a Pritikin facility.

Although the Program is approved by Medicare and qualifies for Medicare reimbursement, there is no guarantee that your health will improve as a result of participating in the Program -- your level of success in attaining the results you want are dependent upon a number of factors including but not limited to adherence and dedication to the Program, personal goals, genetics, your body, levels of support, environmental conditions, and other health conditions. The Program is not a substitute for medicine and medical treatments, as prescribed by a physician.

You should also understand that while participating in any exercise or exercise program obviously has health benefits, it also means putting yourself at risk of suffering physical injury. By engaging in such physical activity, you assume such risk of injury to yourself and waive all claims against [Provider], its instructors and employees and Pritikin ICR LLC, its employees and affiliates for any and all injuries or damages that you may sustain as a result of such physical activity.

## Appendix 7

## Form of Patient Authorization

AUTHORIZATION TO USE AND DISCLOSE HEALTH INFORMATION

I will be receiving treatments using the Pritikin Intensive Cardiac Rehabilitation Program ("Pritikin Program"), and I authorize my doctors, hospital and other clinicians (together "Providers") who are providing my cardiac rehabilitation treatment to disclose to Pritikin ICR LLC and its agents, representatives and contractors (collectively "Pritikin") health related information about me as described below:

1. The health related information that may be used and disclosed includes my medical record of my participation in the Pritikin Program at_____ (name of Facility).

2. I understand that if I approve the use and disclosure of my health-related information as described in No. 3, Pritikin WILL NOT USE MY NAME, OR ANY INFORMATION TYPICALLY USED TO IDENTIFY ME IN ANY PUBLICALLY AVAILABLE DOCUMENTS created by Pritikin in performing any study or analysis. I also understand that Pritikin will de-identify my information and /or aggregate my information with information of other Patients before including any information about me in these public documents.

3. I understand and agree that Pritikin may use and disclose my health-related information to:

- study and analyze the health outcomes of participants in the Pritikin Program.
- provide to me by mail and/or e-mail educational and marketing materials on products and services offered by Pritikin.

4. I understand that this Authorization is voluntary and that my treatment, payment for treatment or health insurance enrollment will not be affected if I refuse to sign this form. I also understand that if I do not sign this Authorization, Pritikin cannot obtain and use health related information about me and my medical condition as described in this Authorization except for information provided by the Facility under a contract between Pritikin and the Facility.

5. I understand that once my health related information has been disclosed, federal privacy laws may no longer protect the information from further disclosure. However, Pritikin agrees to protect my information by using and disclosing it only for the purposes described above or as required by law.

6. I understand that I may change my mind and revoke (take back) this Authorization at any time in writing by sending a letter to my Providers. Revoking this Authorization will prohibit further disclosure of my health related information by my Providers to Pritikin; however, if I revoke this Authorization, Pritikin may still share any information it has already received with my Providers and use and disclose that information as described in this Authorization. Unless I revoke this Authorization, it will expire (end) one (1) year from the date indicated below.

7. I will receive a signed copy of this Authorization to keep for my records.

| | |
|---|---|
| _____ | _____ |
| Signature of Patient or Legal Representative | Date |
| _____ | If no email address available, please provide mailing address: |
| Print Name of Patient and Legal Representative | |
| _____ | _____ |
| Representative's Relationship to Patient | Patient's Street Address |
| _____ | _____ |
| Patient's Email Address | City, State and Zip Code |

**Addendum #1: Virtual Intensive Cardiac Rehab Platform**

This Addendum #1: Virtual Intensive Cardiac Rehab Addendum (this "Addendum #1") dated as of _____, 2021 ("Addendum #1 Effective Date"), is entered into by and between Pritikin ICR LLC, a Delaware limited liability company ("Pritikin"), and _____ ("Provider") as an addendum to the Agreement entered into between the Parties, dated as of _____, 2022, pursuant to which Provider is granted the right to offer and teach the Pritikin ICR Program to its Patients (the "Agreement").

The purpose of this Addendum #1 is to set forth the terms pursuant to which Pritikin will make services available to Provider to enable Provider to deliver a Virtual Intensive Cardiac Rehabilitation ("VICR") program. In consideration of the mutual promises set forth below and in the Agreement, Pritikin and Provider agree to the following:

1. **Services.** Pritikin hereby licenses to Provider a remote monitoring and patient engagement platform (the "Platform") through which Provider will make available Pritikin's ICR Program materials to Provider's Patients and relevant clinicians and other individuals responsible for administering Provider's Pritikin ICR Program in a virtual setting (collectively, "Authorized Users"). The Platform is hosted, maintained and updated, by Pritikin's third party platform service provider ("Platform Vendor").

   The components of the Platform, delivered via Software-as-a-Service "SaaS", include:

   - Patient/Caregiver Engagement: a tailored version of the Platform Vendor patient/caregiver app which includes Pritikin ICR Program materials either on a fully configured iPad ("Mobile Device") that is leased by Provider (the "Managed Device Model"), or delivered via a range of smartphone devices in a "Bring Your Own Device" ("BYOD") modality.
     - The BYOD Model (SaaS Platform only) includes use of the Platform as configured for Provider, ongoing enhancements to the Platform, and maintenance/help desk support.
     - The Managed Device Model (SaaS Platform plus iPads) includes the services included with the BYOD Model, as well as the configuration and deployment of the Mobile Devices (setup, data plan, logistics, remote mobile device management, technical support, ongoing enhancements).
   - Provider Engagement: a patient monitoring dashboard for providers with key vitals trends and alerts tied to predetermined metric thresholds.
   - Hosting and support services: hosting, maintaining and providing regular upgrades to the Platform.
   - Mobile Device Management: providing support to ensure deployed Mobile Devices are updated on a regular basis to ensure security, consistency of all program- and application-specific upgrades as available, and support for device deployment.
   - Bluetooth Peripheral Kit ("Kit") Provision (OPTIONAL)
     - For selected patients, a kit of peripheral devices to collect patient biometric information may be provided to complement, or be used in lieu of, patient-reported vitals. Kits may contain a combination of Bluetooth-enabled devices, including:
       - Blood pressure cuff
       - Weight scale
       - Pulse oximeter
     - Biometric data from the Kit devices to be integrated into the Platform via both patient app and Provider dashboard views.
   - Non-Bluetooth Peripheral Kit ("Non-Bluetooth Kit") Provision (OPTIONAL): The Kit without the Bluetooth capabilities.

   In addition to the Platform, Pritikin shall lease Mobile Devices to Provider, in the number set forth on the Customer Order Form, as set forth on Schedule A, which may be updated by Provider from time to time, for purposes of Provider deploying the Managed Device Model to its Authorized Users.

To the extent additional consulting services are required or customizations to enable integration between the Platform and Provider's Electronic Medical Record are required, a separate addendum or statement of work will be entered into between the Parties.

**2. Pritikin Training and Support Obligations**

a. Pritikin will, or will facilitate through Platform Vendor, the training and demonstration of the Platform and Mobile Device functionality to Provider and Provider's designated Authorized Users. Provider will then be responsible for appropriately training its Patients and other Authorized Users on use of the Platform and the Mobile Devices.

b. Pritikin will, or will facilitate through Platform Vendor, Provider-facing support services (including call center and email support) related to the Platform for all technical issues relating to the Platform and Mobile Devices.

**3. Term and Termination.** The term of this Addendum #1 shall be one (1) year from the Addendum #1 Effective Date (the "Initial Addendum #1 Term"). Following the Initial Addendum #1 Term, this Addendum #1 shall automatically renew for additional terms of one (1) year each, unless sooner terminated as set forth below (the Initial Addendum #1 Term along with any renewals, shall be referred to as the "Addendum #1 Term"). Either party may terminate this Addendum #1 with or without cause upon ninety (90) days' prior written notice to the other Party. This Addendum #1 shall automatically terminate upon termination of the Agreement. Additionally, Pritikin may terminate this Addendum #1 upon written notice to Provider (which shall be given as soon as reasonably feasible prior to the date of termination), upon termination of Pritikin's agreement with Platform Vendor. Termination of this Addendum #1 shall not result in termination of the Agreement.

**4. Fees.** During the Addendum #1 Term, in addition to Certification Payments due under the Agreement, Provider shall pay Pritikin for each concurrent User in a month, as follows:

- BYOD Model SaaS Fee: $95 per concurrent user per Month.
- Managed Device (iPad) Model Fee: BYOD Model SaaS Fee + additional $40 per authorized iPad per Month
- Bluetooth Device Kit Fee: $245 per Kit delivered to Provider
- Non-Bluetooth Device Kit Fee: $95 per Non-Bluetooth Kit delivered to Provider

Such user fees will be invoiced by Pritikin with invoices for the Certification Payments, as set forth in the Agreement, and such user fees will be due and payable in accordance with the Certification Payment terms. To the extent Kits (both Bluetooth and Non-Bluetooth) are delivered to Provider, the per Kit fee will be invoiced in the month following delivery of the Kit to Provider.

**5. Mobile Device Terms**.

a. Pursuant to this Addendum #1, Provider is subleasing the Mobile Devices from Pritikin. At all times, title to the Mobile Devices remains with Platform Vendor, and Provider acquires no right, title, or interest in any Mobile Device, including the right to sublease, rent, share, transfer, or otherwise give away the Mobile Devices. Provider shall not pledge or encumber any Mobile Device in any way.

b. Provider acknowledges and agrees that the Mobile Devices are to be used solely to allow Patients and/or the Patients' caregivers to track and report patient data into the Platform and to disseminate the Pritikin ICR Program materials to the Mobile Devices for review by Patients and/or their caregivers (the "Permitted Purposes"). Provider shall cause its Authorized Users to not use any

Mobile Device other than for the Permitted Purposes, such as, without limitation, using a Mobile Device for web browsing or streaming music, videos, games, or other content. ***Any excessive data overages due to Mobile Device user activity beyond the scope of the Permitted Purposes will be borne by Provider.***

c. Provider acknowledges and accepts that Platform Vendor will select and install Mobile Device Management software (the "MDM") for remote configuration and support and that Platform Vendor may upgrade and/or change MDM software from time to time to optimize mobile device performance and deployment.

d. Provider shall not, and shall cause its Authorized Users to not, alter, modify, or deface any Mobile Device or inscribe or etch anything thereon or attach or affix anything thereto. Provider acknowledges and agrees that, once it receives delivery of the Mobile Devices, Provider shall be responsible for the costs to repair or replace, as appropriate, such Mobile Devices due to any damage to such device caused by the acts or omissions of Provider or a Patient; notwithstanding this responsibility, up to 10% of any Mobile Devices authorized and provided to Provider that are lost or irreparably damaged will be replaced at no additional cost to Provider.

e. Provider shall maintain appropriate inventory levels of Mobile Devices, as indicated on the Order Form, including spares and/or buffer inventory. Neither Pritikin nor Platform Vendor shall bear any responsibility or liability for any shortfall in required inventory of Mobile Devices at Provider.

f. Upon termination of this Addendum #1, or sooner if Mobile Devices are not in use, Provider shall no later than 10 days after termination, properly pack the applicable Mobile Device and return the same, freight prepaid, to the address provided by Pritikin delivering such Mobile Device on board such carrier as Pritikin may specify. Provider shall cause each Mobile Device returned for any reason under this Agreement to be clean, free and clear of all liens (other than liens of Platform Vendor) and rights of third parties, and in the same condition as when delivered to Provider, ordinary wear and tear excepted.

**6. Platform Terms**

a. Pursuant to the Addendum #1, Provider is granted a limited, non-exclusive, non-sublicensable, worldwide right and license to access and use the Platform to deliver its VICR program. Provider and its Users may access and use the Platform (i) only for the Permitted Purposes from and within the United States and Canada, and (ii) only in accordance with the other terms of this Addendum #1. Provider shall be responsible for its Authorized Users' compliance with the terms hereof.

b. Provider obtains no ownership rights in the Platform (including related tutorials and documentation) and modification and enhancements made thereto, including those that may result from Provider's recommendations or input.

c. Provider understands that prior to its Authorized Users using the Platform, such Authorized Users will be required to assent to Platform Vendor' on-line "Terms of Use".

d. Provider agrees that it and its Authorized Users will:

i. Not interfere with or disrupt the servers or networks used to provide the Platform;
ii. Not apply systems to extract or modify information in the Platform using technology or methods such as those commonly referred to as "web scraping," "data scraping," or "screen scraping";
iii. Not transmit viruses or otherwise malicious code or data in or through the Platform;
iv. Not attempt to copy, modify, make derivative works of, reverse engineer, disassemble or decompile the Platform or any Pritikin or Platform Vendor system, network or software;
v. Comply with all applicable laws regarding the transmission of data, including, without

limitation, any applicable data protection laws; and

vi. Not use the Platform for illegal purposes.

**7. Other General Terms**

a. Provider shall be responsible for ensuring that Authorized Users have the equipment necessary to access and use the Platform.

b. EXCEPT AS EXPRESSLY STATED HEREIN OR IN THE AGREEMENT AND ANY WARRANTY, REPRESENTATION OR CONDITION TO THE EXTENT THE SAME CANNOT BE EXCLUDED OR LIMITED UNDER APPLICABLE LAW, PRITIKIN AND PLATFORM VENDOR AND THEIR LICENSORS, AFFILIATES, AGENTS, SUBCONTRACTORS AND SUPPLIERS MAKE NO REPRESENTATIONS OR WARRANTIES, AND EXPRESSLY DISCLAIM AND EXCLUDE ANY AND ALL WARRANTIES, REPRESENTATIONS AND CONDITIONS, WHETHER EXPRESS OR IMPLIED, WHETHER ARISING BY OR UNDER STATUTE, COMMON LAW, CUSTOM, USAGE, COURSE OF PERFORMANCE, COURSE OF DEALING OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE FOREGOING, PRITIKIN AND PLATFORM VENDOR AND THEIR LICENSORS, AFFILIATES, AGENTS, SUBCONTRACTORS AND SUPPLIERS DO NOT WARRANT, AND EXPRESSLY DISCLAIM ANY REPRESENTATION OR WARRANTY, THAT THE PLATFORM, MOBILE DEVICES OR ANY OTHER DELIVERABLES PROVIDED UNDER THIS ADDENDUM #1 WILL SATISFY PROVIDER'S REQUIREMENTS OR THAT THEIR USE OR OPERATION WILL BE ERROR OR DEFECT-FREE OR UNINTERRUPTED, OR THAT ALL PRODUCT DEFECTS WILL BE CORRECTED, THE PLATFORM, INCLUDING ALL CONTENT, IS PROVIDED "AS IS," WITH ALL FAULTS AND WITHOUT ANY GUARANTEES REGARDING QUALITY, PERFORMANCE, SUITABILITY, TIMELINESS, SECURITY, DURABILITY, INTEGRABILITY OR ACCURACY, AND PROVIDER ACCEPTS THE ENTIRE RISK OF AND RESPONSIBILITY FOR SELECTION, USE, QUALITY, PERFORMANCE, SUITABILITY AND RESULTS OF USE THEREOF, INCLUDING ALL CONTENT GENERATED THROUGH USE THEREOF.

c. The Platform and each Mobile Device may contain third-party and/or "open source" code provided under third-party license agreements. With respect to such source code contained in any Mobile Device software that is not installed by Pritikin or Platform Vendor, neither Pritikin nor Platform Vendor accept responsibility for the functionality of, or any malfunctions caused by, such software. The terms and conditions of such third-party license agreements shall apply to such source code in lieu of these terms, where applicable, and Provider is responsible for compliance therewith.

**9. Application of the Agreement.** To the extent that they are not inconsistent with this Addendum #1, all other provisions of the Agreement (including both rights and obligations) shall remain in full force and effect and apply to this Addendum #1. For avoidance of doubt, any ICR and CR sessions that are billable will remain subject to the terms of the Agreement. In the event of a conflict between the Agreement and this Addendum #1, the provisions of this Addendum #1 shall control.

**10. Counterparts**. This Addendum #1 may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Addendum #1 delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

**11. Definitions.** Unless otherwise specifically modified by this Addendum #1, all capitalized terms in this Addendum #1 shall have the same meanings as assigned in the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum #1 as of the day first set forth above.

PRITIKIN ICR LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

**SCHEDULE A**
**PROVIDER ORDER FORM**

| | |
|---|---|
| Provider: | |
| Provider Contact Information: | |
| Shipping Information | |
| Client Customer Effective Date | |
| Target Implementation Date: | |
| Initial Concurrent Users Per Month* | |
| Required Number of Bluetooth Device Kits per Month: | |
| Platform Applications | **[Insert list of applications that Provider wants to make available through the Platform– e.g., BYOD/iPad Models, telehealth, patient portal, etc.]** |
| Additional Provider Specific Details/Requirements | |

*The number of estimated users per month is intended to be used for planning and inventory purposes and is not a binding commitment.

## Addendum #2: Pritikin Live Agreement

This Addendum #2: Pritikin Live Personnel Services (this "Addendum #2") dated as of _____, 2022 ("Addendum #2 Effective Date"), is entered into by and between Pritikin ICR LLC, a Delaware limited liability company ("Pritikin"), and _____ ("Provider") as an addendum to the Agreement entered into between the Parties, dated as of _____, 2022, pursuant to which Provider is granted the right to offer and teach the Pritikin ICR Program to its Patients (the "Agreement").

The purpose of this Addendum #2 is to set forth the terms pursuant to which Pritikin will make the services of certain Required Personnel, as identified and selected on Exhibit A (the "Pritikin Personnel"), available to Provider for the administration of certain Pritikin ICR Program workshops and one on one sessions for Provider's Pritikin ICR Program, including all activities related to planning and follow-up documentation related to administering the workshop or conducting the one-on-one session (each an "Educational Encounter") regardless of the number of patients attending the Scheduled Educational Encounters, as defined below). In consideration of the mutual promises set forth below and in the Agreement, Pritikin and Provider agree to the following:

### 1. Pritikin Live Personnel Services

**1.1 Pritikin Personnel and Qualifications.** During the term of this Addendum #2 and subject to the terms and conditions of this Addendum #2, Pritikin shall make the Pritikin Personnel available to Provider on an exclusive basis (i.e., the Pritikin Personnel will administer Educational Encounters solely for Provider) during Educational Encounters that are scheduled by the Parties in accordance with the procedures set forth on Exhibit B ("Scheduled Educational Encounters"). For avoidance of doubt, Pritikin Personnel will not be exclusive to Provider outside of the Scheduled Educational Encounters. All Scheduled Educational Encounters shall be under the supervision of a physician employed or contracted by Provider. The Pritikin Personnel will administer the Scheduled Educational Encounters from a distant, virtual site, to patients who are at the Facility and/or attending the session through the Platform (as defined on Addendum #1), and such services shall be performed in a professional and competent manner. Pritikin represents and warrants that all Pritikin Personnel are appropriately qualified, licensed, or certified, as required by applicable law to practice in their respective areas of practice, including when applicable, licensed to practice in the state where the Facility and patient are located. Additionally, Pritikin represents and warrants that neither it nor any Pritikin Personnel is currently, or has been in the past, excluded from participation in Medicare, Medicaid or any other governmental third party payment program.

**1.2 Compliance with Provider's Policies and Procedures.** When administering the Scheduled Educational Encounters, Pritikin shall require the Pritikin Personnel to follow the direction of the supervising physician, follow all treatment plans developed by Provider related to its patients, and follow applicable policies and procedures of Provider.

**1.3 Compensation of Pritikin Personnel.** With respect to the Pritikin Personnel, Pritikin shall:

(a) Pay all wages, bonuses, if any, and other remuneration of the Pritikin Personnel and all applicable federal, state, municipal and other governmental taxes with respect to the employment of the Personnel, including without limitation, social security, federal and/or state unemployment compensation taxation;

(b) Maintain payroll records and reports related to the Pritikin Personnel;

(c) Have all responsibility for any retirement, health, life, disability or similar employee benefit for the Pritikin Personnel, including vacation, sick days or holidays; and

(d) Comply with all applicable statutes, rules and regulations of any governmental agencies or departments relative to the employment of the Pritikin Personnel.

**1.4 Insurance**. Pritikin shall maintain, or require each Pritikin Personnel administering Scheduled Educational Encounters hereunder to maintain, professional liability insurance policies in amounts customary of the profession and licensure of the Required Personnel.

**1.5 Removal of Pritikin Personnel.** In the event that Provider finds that the working relationship with a particular Pritikin Personnel is not satisfactory, Provider shall notify Pritikin in writing and Pritikin shall make commercially reasonable efforts to provide alternative Pritikin Personnel to assist in administering the Scheduled Educational Encounters. Upon removal of the Pritikin Personnel for any reason, Pritikin shall provide another qualified replacement individual to Provider within [five (5)] days of receiving Provider's request.

**2. Provider's Obligations**

**2.1 Supervision**. As is set forth in the Agreement, despite Pritikin Personnel administering a Scheduled Educational Encounters, Provider shall be responsible for ensuring that the requisite physician supervision is in place during all Scheduled Educational Encounters.

**2.2 Patient Intake, Scheduling, and Billing**. Provider shall remain responsible for all patient intake, evaluation, patient scheduling, documentation, and discharge evaluations, as well as coding and billing activities for all Scheduled Educational Encounters. Pritikin Personnel shall document all one-on-one sessions and shall provide such documentation to Provider for incorporation in the relevant patient medical record. The method, format, and delivery of the Pritikin Personnel's documentation of one-on-one sessions shall be in a form and manner mutually agreed to by Pritikin and Provider. Provider shall enter all required data into the Pritikin data portal ("Portal") on a timely basis. Irrespective of whether Pritikin Personnel administers an Educational Encounter hereunder, Provider shall continue to be required to enter all CR and ICR sessions into the Portal.

**2.3 Exercise Sessions.** Provider shall remain responsible for employing or contracting with an exercise physiologist or specialist and for administering all ICR and CR exercise sessions.

**2.4 Space and Equipment**. Provider shall be responsible for providing and maintaining all space at Facility and equipment, including any technology, necessary for the Pritikin Personnel to administer a Scheduled Educational Encounters, including in instances where Pritikin Personnel will administer the Scheduled Educational Encounters from a remote location to patients onsite at the Facility. If Scheduled Educational Encounters will be administered via the Platform to Patient who are not at the Facility, Provider shall be responsible for ensuring that Patients have the ability to access the Platform as described further on Addendum #1.

**3. Payment**. Payment from Provider to Pritikin for the use of the Pritikin Personnel shall be at the rates set forth on Exhibit A. Provider shall owe Pritikin the full monthly rate set forth on Exhibit A regardless of whether Provider actually schedules patients to attend all allotted Educational Encounters for a month and regardless of whether any patient attends a Scheduled Educational Encounters. In the event Provider chooses not to schedule any Scheduled Educational Encounters for a given month, in accordance with the scheduling procedures set forth on Exhibit B, Provider shall not have any payment obligations to Pritikin. All payment due hereunder is separate and apart from any amounts owed by Provider to Pritikin pursuant to the Agreement. Pritikin and Provider acknowledge that the fees have been negotiated at arms-length and represent the fair market value for Provider's exclusive use of the Pritikin Personnel during the Scheduled Educational Encounters. The Parties agree that such amounts shall not be amended prior to the end of each one (1) year term of this Addendum #2 (in which case any such amendments shall be effective for at least one (1) year), provided however, if the number of monthly Educational Encounters, as set forth on Exhibit A, must be adjusted, then the monthly fee may be adjusted in a pro-rated manner by the number of Scheduled Educational Encounters. Pritikin shall invoice Provider the monthly fees by the fifth ($5^{th}$) of the subsequent month following the month wherein Pritikin Personnel were scheduled to assist in administering Scheduled Educational Encounters. Provider shall pay such invoice by the end of that same month during which time the invoice was received. Failure to pay invoices in a timely manner shall constitute a breach of this Addendum #2.

**4. Term and Termination.** The term of this Addendum #2 shall be one (1) year from the Addendum #2 Effective Date (the "Initial Addendum Term"). Following the Initial Addendum #2 Term, this Addendum #2 shall automatically renew for additional terms of one (1) year each, unless sooner terminated as set forth below (the Initial Addendum #2 Term along with any renewals, shall be referred to as the "Addendum #2 Term"). Either party may terminate this Addendum #2 with or without cause upon ninety (90) days' prior written notice to the other Party. This Addendum #2 shall automatically terminate upon termination of the Agreement. Additionally, Pritikin may terminate this Addendum #2 upon written notice to Provider (which shall be given as soon as reasonably feasible prior to the date of termination), upon termination of Pritikin's agreement with Platform Vendor. Termination of this Addendum #2 shall not result in termination of the Agreement.

**5. Access to Records**. Until the expiration of four (4) years after the furnishing of the services provided under this Addendum #2, Pritikin will make available to the Secretary of the U.S. Department of Health and Human Services ("Secretary"), and the U.S. Comptroller General, and their representatives, this Addendum #2 and all books, documents and records necessary to certify the nature and extent of the cost of those services. If Pritikin carries out the duties of this Addendum #2 through a subcontract worth $10,000 or more over a twelve (12) month period, the subcontract will also contain an access clause to permit access by the Secretary, Comptroller General and their representatives to the subcontractor's books and records.

**6. Compliance**. This Addendum #2 shall be construed to be in accordance with any and all federal and state statutes, rules, regulations, principles and interpretations. In the event there is a change in federal or state statutes or regulations or in the interpretation thereof, or in the event a claim or determination is threatened, made or filed by a government agency, which renders any of the material terms of this Addendum #2 unlawful, invalid or unenforceable, or asserts that any such terms are unlawful, invalid or unenforceable, the Parties shall promptly and in good faith renegotiate the affected term or terms to remedy such problem. The Parties further agree to use their good faith efforts to negotiate and execute any amendments hereto that may be deemed necessary or appropriate to maintain compliance with and avoid violation of the terms of any agreement between the Parties and any third party payor. If the Parties are unable to successfully renegotiate the affected terms(s) under this Section, then either Party may terminate this Addendum #2 upon written notice to the other Party.

**7. Counterparts**. This Addendum #2 may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Addendum #2 delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Addendum #2.

**8. Application of the Agreement.** To the extent that they are not inconsistent with this Addendum #2, all other provisions of the Agreement (including both rights and obligations) shall remain in full force and effect and apply to this Addendum #2. In the event of a conflict between the Agreement and this Addendum #2, the provisions of this Addendum #2 shall control.

**9. Definitions.** Unless otherwise specifically modified by this Addendum #2, all capitalized terms in this Addendum #2 shall have the same meanings as assigned in the Agreement.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the Parties have executed this Addendum #2 on the dates set forth below.

**PROVIDER:**

_____

By: _____

Name: _____

Title: _____

Date:_____

**PRITIKIN:**

Pritikin ICR LLC

By:_____

Name: _____

Title:_____

Date:_____

## EXHIBIT A

### Pritikin Personnel, Educational Encounters, and Fee

Pursuant to the terms of this Addendum #2, Provider requires receipt of services from the following (check those that apply):

_____ Registered Dietitian: The Registered Dietitian will be a Registered Dietitian, authorized to use such title by the Commission on Dietetic Registration of the Academy of Nutrition and Dietetics and licensed as required in the state where the Facility is located. Educational Encounters by the Registered Dietitian may include cooking workshops, nutrition workshops and 1:1 consultations.

The Registered Dietitian shall be scheduled for 44 Educational Encounters for a fixed fee of $75 per Educational Encounter for _____ Educational Encounters per month. Provider may purchase additional Educational Encounters with the Registered Dietitian in increments of 5 (five) Education Encounters, as needed, for an additional $____ per month.

_____Mental Health Professional: The Mental Health Professional will be a licensed professional in the areas of clinical social work, counselor, psychologist or psychiatrist, or certified as a wellness coach, or possess a bachelor's degree with a major or minor emphasis in the area of psychology or social work, and shall be experienced in psychological assessments, administration of behavioral health interventions, and counseling with cardiac rehabilitation/secondary prevention or chronic disease. Educational Encounters by the Mental Health Professional may include Healthy Minds workshops and 1:1 consultations.

The Mental Health Professional shall be scheduled for ____ (__) Educational Encounters per month for a fee of $75 per Educational Encounter. Provider may purchase additional Educational Encounters with the Mental Health Professional in increments of 5 (five) Educational Encounters, as needed, for an additional _____ ($____) per month.

_____ Culinary Chef: The Culinary Chef will be appropriately qualified and experience to conduct cooking workshops. Educational Encounters provided by the Culinary Chef shall be limited to cooking workshops and demonstrations.

The Culinary Chef shall be scheduled for ____ (__) Educational Encounters per month for a fee of $75 per Educational Encounter for _____ Educational Encounters per month. Provider may purchase additional Educational Encounters with the Culinary Chef in increments of 5 (five) Educational Encounters, as needed, for an additional _____ ($____) per month.

**EXHIBIT B**
**SCHEDULING PROCEDURE**

- The relevant Pritikin Personnel's administration of Educational Encounters must be scheduled at least one month prior to the month in which the Educational Encounters will be administered. The type of Educational Encounter (e.g., workshop or one-on-one session) must be designated at the time of scheduling.
- Patients' scheduled attendance at the Scheduled Educational Encounters does not have to occur one month in advance, rather, Provider's scheduling of the Scheduled Educational Encounters reserves the Pritikin Personnel for exclusive use during the scheduled time.
- Educational Encounters will be coordinated and scheduled via the Provider and designated Pritikin personnel, including the Pritikin Program Director, so as to ensure that the appropriate supervision is available.
- Patient details and rescheduling of 1:1 Educational Encounters may be handled by Provider via Pritikin's Practice Management system (i.e., Sharepoint) into designated assigned blocks of time according to the Pritikin Personnel availability. If necessary, Provider can reschedule 1:1 Educational Encounters depending on availability of Pritikin Personnel.

## EXHIBIT B

## PRITIKIN ICR LLC'S FINANCIAL STATEMENTS

# Pritikin ICR LLC

## Financial Statements

## December 31, 2021 and 2020

Berkowitz Pollack Brant Advisors +CPAs

PRITIKIN ICR LLC

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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Berkowitz Pollack Brant Advisors +CPAs

INDEPENDENT AUDITOR'S REPORT

To the Member and Management of
Pritikin ICR LLC

**Opinion**

We have audited the accompanying financial statements of Pritikin ICR LLC ("a Delaware limited liability company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pritikin ICR LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Pritikin ICR LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Pritikin ICR LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pritikin ICR 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 Pritikin ICR 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.

Miami, Florida
April 8, 2022

PRITIKIN ICR LLC

BALANCE SHEETS

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | $ 1,289,036 | $ 448,321 |
| Accounts receivable, net | 2,226,208 | 1,711,947 |
| Prepaid expenses | 198,446 | 153,009 |
| Due from related party | 4,617 | 8,921 |
| TOTAL CURRENT ASSETS | 3,718,307 | 2,322,198 |
| VIDEO COSTS, net | 21,776 | 20,428 |
| PROPERTY AND EQUIPMENT, net | 73,424 | 108,920 |
| WEBSITE DEVELOPMENT COSTS | 131,513 | 131,145 |
| OTHER ASSETS | 206,400 | 237,085 |
| TOTAL ASSETS | $ 4,151,420 | $ 2,819,776 |
| LIABILITIES AND MEMBER'S DEFICIT | | |
| CURRENT LIABILITIES: | | |
| Notes payable - Majority Member | $ 3,300,000 | $ 3,300,000 |
| Accounts payable | 66,416 | 32,374 |
| Accrued expenses | 780,835 | 509,498 |
| Due to related parties | 88,051 | 77,086 |
| TOTAL CURRENT LIABILITIES | 4,235,302 | 3,918,958 |
| COMMITMENTS AND CONTINGENCIES | | |
| MEMBER'S DEFICIT | (83,882) | (1,099,182) |
| TOTAL LIABILITIES AND MEMBER'S DEFICIT | $ 4,151,420 | $ 2,819,776 |

See accompanying notes to financial statements.

PRITIKIN ICR LLC

STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT

| | For The Years Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| REVENUES: | | |
| Hospital | $ 7,732,551 | $ 4,707,234 |
| Printed manuals, binders and VICR revenues | 352,008 | 197,571 |
| Training | 141,754 | 180,625 |
| TOTAL REVENUES | 8,226,313 | 5,085,430 |
| EXPENSES: | | |
| Program expenses | 391,653 | 210,383 |
| Salaries and related benefits | 4,417,409 | 3,873,932 |
| Contractors | 9,785 | 24,439 |
| Consulting | 440,555 | 393,511 |
| Payroll taxes | 263,751 | 244,386 |
| Commission expense | 132,397 | 76,397 |
| Travel and meals | 74,769 | 136,863 |
| Trade shows | 22,908 | 16,885 |
| Recruiting | 18,768 | 63,961 |
| Rent | 133,053 | 136,988 |
| Legal and professional fees | 178,942 | 166,017 |
| Insurance | 267,047 | 243,275 |
| Advertising | 521,089 | 282,276 |
| Supplies | 15,227 | 25,003 |
| Administrative expenses - related party | 30,000 | 30,000 |
| Depreciation and amortization | 80,418 | 64,006 |
| Bad debt expense | 25,091 | - |
| Other general and administrative | 72,882 | 80,601 |
| TOTAL EXPENSES | 7,095,744 | 6,068,923 |
| INCOME (LOSS) FROM OPERATIONS | 1,130,569 | (983,493) |
| OTHER INCOME (EXPENSE): | | |
| Paycheck Protection Program grant income | - | 578,667 |
| Interest income | 27 | 8,108 |
| Interest expense | (115,296) | (111,667) |
| TOTAL OTHER (EXPENSE) INCOME, net | (115,269) | 475,108 |
| NET INCOME (LOSS) | 1,015,300 | (508,385) |
| Member's Deficit -- Beginning of year | (1,099,182) | (590,797) |
| Member's Deficit -- End of year | $ (83,882) | $ (1,099,182) |

See accompanying notes to financial statements.

PRITIKIN ICR LLC

STATEMENTS OF CASH FLOWS

| | For The Years Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | $ 1,015,300 | $ (508,385) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 80,418 | 64,006 |
| Net increase in provision for uncollectible accounts | 25,091 | - |
| Paycheck Protection Program grant income | - | (578,667) |
| Changes in assets and liabilities: | | |
| Accounts receivable | (539,352) | (62,382) |
| Prepaid expenses | (45,437) | (48,663) |
| Other assets | 30,685 | (49,978) |
| Accounts payable | 34,042 | (43,978) |
| Accrued expenses | 271,337 | 156,194 |
| TOTAL ADJUSTMENTS | (143,216) | (563,468) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 872,084 | (1,071,853) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (8,439) | (7,326) |
| Purchases of video costs | (6,516) | (23,126) |
| Purchases of website development costs | (31,683) | (98,328) |
| NET CASH USED IN INVESTING ACTIVITIES | (46,638) | (128,780) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Paycheck Protection Program | - | 578,667 |
| Net advances from (to) related parties | 15,269 | (32,961) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 15,269 | 545,706 |
| NET CHANGE IN CASH | 840,715 | (654,927) |
| CASH - BEGINNING OF YEAR | 448,321 | 1,103,248 |
| CASH - END OF YEAR | $ 1,289,036 | $ 448,321 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for interest: | $ - | $ - |

See accompanying notes to financial statements.

PRITIKIN ICR LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Pritikin ICR LLC ("Pritikin ICR" or the "Company"), a Delaware limited liability company, was formed on February 5, 2013 for the purpose of providing intensive cardiac rehabilitation ("ICR") by utilizing the methods created by Florida Pritikin Center LLC ("Pritikin") d/b/a/ Pritikin Longevity Center and Spa to patients of healthcare providers located in the United States of America. Pritikin is an entity related to the Company through common ownership. Pritikin ICR is 100% owned by Pritikin Enterprises LLC (the "Sole Member"). Pritikin ICR promotes the Pritikin philosophy that is based on science and research and offers an integrated approach that combines lifestyle enhancement education and healthy eating with structured exercise through video lectures with moderators to patients of healthcare providers. The Pritikin ICR program has been approved for reimbursement by Medicare.

Cash and Cash Equivalents: Highly liquid investments with original maturities of three months or less at the date of purchase are considered cash equivalents. The Company had no cash equivalents at December 31, 2021 and 2020.

Accounts Receivable, net: In the normal course of business, the Company provides credit to its healthcare providers and performs credit evaluations of these healthcare providers. Management reviews these accounts annually to determine if an allowance for doubtful accounts is necessary. The Company establishes an allowance for doubtful accounts based on historical experience and any specific collection issues that the Company has identified. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. The allowance for uncollectible accounts was approximately $25,000 as of December 31, 2021. As of December 31, 2020, management determined that accounts receivable are fully collectible and, accordingly, has not established an allowance for doubtful accounts.

Inventory: Inventory consisting of binders are valued at the lower of cost (first-in, first-out basis) or net realizable value. On a periodic basis, the Company reviews its inventory and identifies that which is excess, slow moving and obsolete by considering factors such as inventory levels, expected product life and forecasted sales demand. Any identified excess, slow moving, and obsolete inventory is written down to its market value through a charge to program expenses. As of December 31, 2021 and 2020, the Company did not have any inventory on hand.

Property and Equipment: Property and equipment are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, ranging from 3 to 6 years. Improvements to leased property are amortized over the life of the lease or the life of the improvement, whichever is shorter.

Website Development Costs: The Company has an intangible asset which consists of website development costs that will be amortized using the straight-line method over the estimated useful life of 5 years once the asset is placed in service. The asset was placed in service during the year ended December 31, 2020. Amortization expense for the year ended December 31, 2021 and 2020 totaled approximately $31,000 and $17,000, respectively.

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Video Costs: Video costs represent direct costs incurred in the development of additional video lectures and sell in videos for the Pritikin ICR program. The costs are capitalized once the video will generate probable future economic benefits and costs can be measured reliably. Video costs are amortized over 5 years or less, representing an estimate of the expected operating life cycle of the video. Amortization expense related to the video costs totaled approximately $5,000 and $3,000 during the years ended December 31, 2021 and 2020, respectively.

Impairment of Long-Lived Assets: The Company assesses, on an annual basis, the recoverability of the carrying amount of long-lived assets used in continuing operations. A loss is recognized when expected future cash flows (undiscounted and without interest) are less than the carrying amount of the asset. The impairment loss is determined as the difference by which the carrying amount of the asset exceeds its fair value. For the year ended December 31, 2021 and 2020 the Company did not believe that there were factors or circumstances indicating impairment of any of its long-lived assets.

Advertising: The Company expenses all advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2021 and 2020 were approximately $521,000 and $283,000, respectively.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses at the date of the financial statements. Actual results could differ from those estimates.

Income Taxes: As a limited liability company, the Company’s taxable income or loss is allocated to its Sole Member. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.

The Company accounts for the uncertainty in income taxes in accordance with GAAP, which requires recognition of a tax position in the financial statements only after determining that the relevant tax authority would more likely than not sustain the tax position following a tax audit.

For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company applied this guidance to its tax positions for the years ended December 31, 2021 and 2020. The Company has no material unrecognized tax benefits and no adjustments to its financial position, results of operations or cash flows were required. The Company’s tax returns for the years ended December 31, 2018 through 2020 remain subject to examination by federal and state tax jurisdictions. The Company recognizes accrued interest and penalties related to uncertain tax positions, if any, as income tax expense.

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Subsequent Events: The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 8, 2022, the date the financial statements were available to be issued.

Recent Accounting Pronouncements: In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases, ASC Topic 842) which amends the existing guidance to require lessees to recognize lease assets and lease liabilities from operating leases on the balance sheet and affects certain financial statement disclosure requirements for both lessees and lessors. In addition, the FASB issued ASU 2018-10 and ASU 2018-11 in July 2018 to clarify and correct unintended application of guidance in ASC Topic 842. In March 2019, the FASB issued ASU 2019-01 to assist stakeholders with potential implementation issues that could arise as organizations implement ASC Topic 842. In November 2019, the FASB issued ASU 2019-10 which updated the effective date related to ASC Topic 842. In June 2020, the FASB issued ASU 2020-05 which updated the effective date related to ASC Topic 842. The amendments in these updates are generally effective for fiscal years beginning after December 15, 2021. In November 2021, the FASB issued ASU 2021-09, which amends the practical expedient in FASB ASC Topic 842, Leases, that allows lessees that are not public business entities to make an accounting policy election to use a risk-free rate as the rate applied to discount lease liabilities and the corresponding right-of-use assets. As amended, the risk-free rate election may be applied by class of underlying asset, rather than at the entity-wide level. In addition, ASU 2021-09 clarifies that when the rate implicit in a lease is readily determinable, lessees are required to use that rate, instead of a risk-free rate or the lessee's incremental borrowing rate. Early adoption is permitted. Management is currently evaluating the impact that the adoption of ASU 2016-02 and related amendments will have on the Company's financial statements.

In June 2016, the FASB issued ASU 2016-13 Financial Instruments, Measurement of Credit Losses on Financial Instruments. The main objective of this update is to replace the incurred loss impairment methodology under current GAAP, with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Trade receivables that management has the intent and ability to hold for the foreseeable future until payoff shall be reported in the balance sheet at outstanding principal adjusted for any charge-offs and the allowance for credit losses (no longer referred to as the allowance for doubtful accounts). In November 2018, the FASB issued ASU 2018-19 to clarify and improve area of guidance to Topic 326. In April 2019, the FASB issued ASU 2019-04 to clarify and improve areas of guidance related to Topic 326. In May 2019, the FASB issued ASU 2019-05 to provide transition relief related to Topic 326.

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Recent Accounting Pronouncements--Continued: In November 2019, the FASB issued ASU 2019-10 which updated the effective date related to Topic 326 and ASU 2019-11 to clarify and address stakeholders' specific issues related to Topic 326. ASU 2016-13 and the related amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. Management does not believe that the adoption of ASU 2016-13 and the related amendments will have a material impact on the Company's financial statements.

In October 2020, the FASB issued ASU 2020-10, Codification Improvements. These amendments affect a wide variety of Topics in the Accounting Standards Codification. These amendments represent changes to clarify, correct errors in, or make minor improvements to the Codification. The amendments make the Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications. The amendments of this update are effective for annual periods beginning after December 15, 2021 and early adoption is permitted. Management does not believe that ASU 2020-10 will have a significant impact on the Company's financial statements.

NOTE B--REVENUE RECOGNITION

The majority of the Company's revenue is derived from contracts with customers. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Company generates the majority of its revenue from various franchise agreements with certain healthcare providers. The Company considers the franchise benefits to be highly related and all to be a part of one predominant performance obligation, granting a license of symbolic intellectual property for the Pritikin license. In return for use of this license, Pritikin bills the hospitals certification fees. Certification fees at the Company are billed monthly based on healthcare providers' net collections, sessions administered, or enrollments as determined by their agreement and are generally due by the last day of the month following the date of occurrence.

NOTE B--REVENUE RECOGNITION--Continued

These certification revenues are either a usage-based royalty because they are dependent on the number of sessions that occurred, enrollments during the month, or a sales-based royalty in the case of net collection from healthcare providers. As such, under ASC 606 the Company applies the exception for sales or usage-based royalty from the requirements of accounting for variable consideration and recognizes revenue when the healthcare providers administer the Pritikin-certified ICR program to their patients, rather than estimated at contract inception. This incremental revenue recognition is the most appropriate measure of progress toward complete satisfaction of the performance obligation. For those healthcare providers who report net collections data on a lagging basis, the Company estimates and accrues for those customers as required by ASC 606.

The Company invoices healthcare providers once or as performance obligations are satisfied, at which point payment becomes unconditional. As the majority of the Company's performance obligations are satisfied over time and customers typically do not make material payments in advance, nor does the Company have a right to consideration in advance of control transfer, the Company had no contract assets or contract liabilities recorded within its Balance Sheets at December 31, 2021 and 2020. The Company recognizes a receivable on its Balance Sheets as healthcare providers administer sessions or transfers a product in advance of receiving consideration, and the Company's right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. The Company's policy is to exclude sales taxes collected from providers from the transaction price of the agreements. Accounts receivable includes accrued amounts for those certain net collection customers who report their billing data on a delay.

Total revenues also include other revenues which consists primarily of revenues from the sale of manuals, binders, training sessions. The Company recognizes revenues for these services at a point in time, at the time of transfer of these goods or completion of the training sessions. The Company also provides a remote monitoring and patient engagement platform of its program ("VICR") whereby Pritikin certified providers can make available the ICR program and materials to their patients.

Commissions are deferred and included as a component of other assets in the accompanying balance sheets and are amortized over the contractual term of the franchise agreement. Net contract acquisition costs as of December 31, 2021 and 2020 amount to approximately $206,000 and $237,000 respectively.

Disaggregated revenues for the Company are summarized as follows:

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Revenues recognized over time | $ 7,732,551 | $ 4,707,234 |
| Revenues recognized at a point in time | 493,762 | 378,196 |
| | $ 8,226,313 | $ 5,085,430 |

NOTE C--PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Leasehold improvements | $ 115,360 | $ 115,360 |
| Computer equipment | 113,703 | 105,265 |
| Office furniture | 8,371 | 8,371 |
| | 237,434 | 228,996 |
| Less: accumulated depreciation and amortization | (164,010) | (120,076) |
| | $ 73,424 | $ 108,920 |

Depreciation and amortization expense for property and equipment amounted to approximately $44,000 for each of the years ended December 31, 2021 and 2020.

NOTE D--NOTES PAYABLE-MAJORITY MEMBER

The Company entered into three promissory notes with the Majority Member totaling $3,300,000. Together these 3 promissory notes are collectively referred to as the Notes. The Notes bear interest at a rate of 3.25% per annum, compounded annually. The outstanding principal balance of the Notes, all accrued and unpaid interest, and any other costs, fees or charges payable to the Majority Member in connection with the Notes shall be due and payable on demand of the Majority Member. The Notes are collateralized by a certain Guaranty and Collateral Agreement. The outstanding principal balance of the Notes as of December 31, 2021 and 2020 totals $3,300,000 as of both years then ended. As of December 31, 2021 and 2020, unpaid interest due to the Majority Member pertaining to the Notes totals approximately $363,000 and $247,000, respectively, and is included in accrued expenses in the accompanying balance sheets.

In January 2020, the Majority Member assigned all of its outstanding notes with the Company to a revocable living trust (the “Trust”). The assignment is effective January 31, 2020 and entitles the Trust to receive all payments of principal, interest and fees of the outstanding notes with the Majority Member as further defined on the assignment agreement.

NOTE E--RELATED PARTY TRANSACTIONS

Services Agreement: The Company has a Services Agreement (the “Agreement”) with Pritikin. In connection with the Agreement, Pritikin will provide the Company with administrative services and prior to 2020 it also included providing ICR qualification and requalification training to healthcare providers in collaboration with the Company. Beginning in 2020 all training and implementations were done through a combination of on-site (at the provider) and remote training.

NOTE E--RELATED PARTY TRANSACTIONS--Continued

Services Agreement--Continued: The services will be provided by Pritikin for an indefinite period of time and the Company will pay Pritikin the actual cost of providing these services. Administrative expenses in each of the years ended December 31, 2021 and 2020 amounted to approximately $30,000, and are included in administrative expenses – related party in the accompanying statements of operations and member's deficit. As of December 31, 2021 and 2020, unpaid administrative and other expenses paid by Pritikin on behalf of the Company amounted to approximately $9,000 and $10,000, respectively, and are included in due to related parties in the accompanying balance sheets.

The Company has access to the patient lecture ICR videos that are owned by Pritikin. As the videos are utilized by the healthcare providers that the Company has contracted with, the Company will pay Pritikin a service fee amounting to $1 for each video lecture use by a patient. Service fees for the years ended December 31, 2021 and 2020 amounted to approximately $88,000 and $62,000, respectively, and are included in program expenses in the accompanying statements of operations and member's deficit.

Operating Lease: The Company entered into a verbal arrangement whereby the Company leases the corporate office space and certain equipment from another entity related by common ownership ("Related Entity #1"). This lease is on a month-to-month basis and requires the Company to pay a monthly fee of approximately $11,000 per month. Amounts charged to operations related to the lease arrangement for the years ended December 31, 2021 and 2020 totaled approximately $133,000 and $137,000, respectively.

Consulting fees: For the years ended December 31, 2021 and 2020, the Company incurred consulting fees owed to Related Entity #1 in the amount of $40,000 and $35,000 for the years ended December 31, 2021 and 2020, respectively. These fees are included in due to related parties in the accompanying balance sheets as of December 31, 2021 and 2020.

During the year ended December 31, 2020, the Company incurred and paid consulting fees to a related entity under common ownership for IT services in the amount of $13,500.

Due from related party: As of December 31, 2021 and 2020, amounts due from an entity related by common ownership total approximately $5,000 and $9,000, respectively, and pertain to reimbursements for disbursements paid by the Company on behalf of the related entity.

Due to related parties: As of December 31, 2021 and 2020, amounts due to entities related by common ownership total approximately $88,000 and $77,000 (inclusive of the amounts due to Related Entity #1), respectively, and pertain to amounts due for disbursements paid by the related entity on behalf of the Company.

## NOTE F--EMPLOYEE BENEFIT PLAN

On April 1, 2015, the Sole Member established a multiple employer 401(k) profit sharing plan (the "Pritikin Plan") covering substantially all employees on their date of employment. The Pritikin Plan allows eligible participants to defer a portion of their current compensation and have these amounts contributed to the Pritikin Plan on their behalf. Effective January 1, 2018, the Company started contributing up to 4% of the participating employee's wages. The Company can make discretionary employer contributions to the Pritikin Plan based on a pre-determined formula. Amounts contributed by employees are fully vested when contributed. Amounts contributed by the Company are vested at the end of the plan year, if the employee has met the Pritikin Plan's vesting requirement which is based on years of credited service. The Company made employer contributions to the Pritikin Plan of approximately $144,000 and $91,000 during the years ended December 31, 2021 and 2020, respectively.

## NOTE G--SIGNIFICANT CONCENTRATIONS

Cash: Cash is maintained at a financial institution, which at times may exceed federally insured limits. The Company has not experienced any losses related to these balances. Balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per depositor at the financial institution. As of December 31, 2021 and 2020, the Company maintained cash deposits in excess of FDIC insured limits of approximately $1,039,000 and $200,000, respectively.

Major Customers: There were no customer concentrations for the year ended December 31, 2021. Two customers accounted for approximately 22% of the Company's total revenues for the year ended December 31, 2020.

As of December 31, 2021 and 2020 there were no customers that represented a major customer concentration of the Company's total accounts receivable.

Major Vendors: Four vendors accounted for approximately 80% of the Company's accounts payable at December 31, 2021. Two vendors accounted for approximately 91% of the Company's accounts payable at December 31, 2020.

## NOTE H--COMMITMENTS AND CONTINGENCIES

Provider Agreements: The Company has entered into various agreements (the "Provider Agreements") with certain healthcare providers. In connection with the Provider Agreements, the Company will provide training through a combination of on-site and remote training to the healthcare providers to become Pritikin certified to offer and teach a program to the healthcare provider's ICR patients. Once certified, the healthcare providers will offer the Pritikin certified ICR program to certain of its patients and the healthcare providers will pay the Company a fixed percentage of its net collections or Medicare reimbursement amount (as defined in the related Provider Agreements) for the ICR sessions administered by the healthcare providers.

NOTE H--COMMITMENTS AND CONTINGENCIES--Continued

Provider Agreements--Continued: The Provider Agreements generally have initial three-year terms and will automatically renew for successive renewal periods of three years unless either party provides six months' notice of termination.

Consulting Agreements: The Company has certain consulting arrangements with unrelated individuals and companies for ICR research and other services. The consulting arrangement requires the Company to pay monthly fees of approximately $48,000. The arrangements expire through August 2023. Future annual consulting commitments under these arrangements are as follows:

| December 31, | |
|---|---|
| 2022 | $ 475,000 |
| 2023 | 296,000 |
| | $ 771,000 |

These consulting arrangements including other month-to-month consulting arrangements and the related party consulting fees (See Note E) total approximately $441,000 and $394,000 for the years ended December 31, 2021 and 2020, respectively.

Lease Commitments: In March 2019, the Company entered into a non-cancellable operating lease with an unrelated party for the rental of office equipment. This lease ends in December 2023. Future minimum lease commitment under the non-cancelable operating lease as of December 31, 2021 is summarized as follows:

| December 31, | |
|---|---|
| 2022 | $ 4,000 |
| 2023 | 4,000 |
| | $ 8,000 |

Coronavirus Pandemic: The COVID-19 outbreak in the United States has caused business disruption throughout the healthcare industry. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the business disruption. The Company expects this matter to impact its near-term operating results. The long-term financial impact cannot be reasonably estimated at this time.

## NOTE I--PAYCHECK PROTECTION PROGRAM

On April 10, 2020, the Company entered into a loan agreement with a financial institution for a principal amount of approximately $579,000 (“PPP Loan”) pursuant to the Paycheck Protection Program (“PPP”) under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP Loan is evidenced by a promissory note (the “Note”). Subject to the terms of the Note, the PPP Loan bears interest at a fixed rate of one percent (1%) per annum, has an initial term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (“SBA”).

Payments of principal and interest are deferred for at least the first six months and payable in 18 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period. The Company may apply to the lender for forgiveness of the PPP Loan, with the amount which may be forgiven equal to the sum of payroll costs, covered rent obligations, and covered utility payments incurred by the Company during the twenty-four week period beginning on May 6, 2020, calculated in accordance with the terms of the CARES Act. Repayment of the PPP Loan may be accelerated upon the occurrence of an event of default.

GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a for-profit entity. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allows for the selection of accounting policies amongst acceptable alternatives. Based on facts and circumstances outlined below, the Company determined it most appropriate to account for the PPP Loan proceeds as an in-substance government grant by analogy to International Accounting Standards 20 (“IAS 20”), Accounting for Government Grants and Disclosure of Government Assistance. Under the provisions of IAS 20, “a forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan.” IAS 20 does not define “reasonable assurance”; however, based on certain interpretations, it is analogous to “probable” as defined in FASB ASC 450-20-20 under GAAP, which is the definition the Company has applied to its expectations of PPP loan forgiveness. Under IAS 20, government grants are recognized in earnings on a systematic basis over the periods in which the Company recognizes costs for which the grant is intended to compensate (i.e. qualified expenses). Further, IAS 20 permits for the recognition in earnings either separately under a general heading such as other income, or as a reduction of the related expenses. The Company has elected to recognize government grant income as other income. Qualified expenses incurred during the year ended December 31, 2020, amounted to approximately $579,000 and are included in the Company’s expenses in the accompanying statement of operations and member’s deficit. For the year-ended December 31, 2020, the Company has recorded PPP grant income of approximately $579,000, which is included in Other (Expense) Income, net in the accompanying statement of operations and member’s deficit.

On August 24, 2021, the Company was notified by the lender that the loan forgiveness application for the PPP Loans was approved.

## NOTE J--SUBSEQUENT EVENTS

In January 2022, the Company entered into a promissory note agreement (the “Subsequent Note”) whereby the Company loaned $500,000 to an unrelated third party (the “Obligor”). The Subsequent Note bears interest at 3.9% and principal repayments begin on the earlier of 4 months after the commencement of a cardiac rehabilitation program by the Obligor or April 1, 2023. The Subsequent Note requires monthly principal payments of approximately $8,300 plus accrued interest and matures 60 months from the date principal repayments commence. The Subsequent Note is guaranteed by the President of the Obligor.

# Pritikin ICR LLC

## Financial Statements

## December 31, 2020 and 2019

Berkowitz Pollack Brant Advisors +CPAs

PRITIKIN ICR LLC

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Member and Management of
Pritikin ICR LLC

We have audited the accompanying financial statements of Pritikin ICR LLC ("a Delaware limited liability company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pritikin ICR LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Miami, Florida
April 6, 2021

PRITIKIN ICR LLC

BALANCE SHEETS

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | $ 448,321 | $ 1,103,248 |
| Accounts receivable | 1,711,947 | 1,649,565 |
| Prepaid expenses | 153,009 | 104,346 |
| Due from related party | 8,921 | 11,696 |
| TOTAL CURRENT ASSETS | 2,322,198 | 2,868,855 |
| VIDEO COSTS, net | 20,428 | - |
| PROPERTY AND EQUIPMENT, net | 108,920 | 145,719 |
| WEBSITE DEVELOPMENT COSTS | 131,145 | 50,000 |
| OTHER ASSETS | 237,085 | 187,107 |
| TOTAL ASSETS | $ 2,819,776 | $ 3,251,681 |
| LIABILITIES AND MEMBER'S DEFICIT | | |
| CURRENT LIABILITIES: | | |
| Notes payable - Majority Member | $ 3,300,000 | $ 3,300,000 |
| Accounts payable | 32,374 | 76,352 |
| Accrued expenses | 509,498 | 353,304 |
| Due to related parties | 77,086 | 112,822 |
| TOTAL CURRENT LIABILITIES | 3,918,958 | 3,842,478 |
| COMMITMENTS AND CONTINGENCIES | - | - |
| MEMBER'S DEFICIT | (1,099,182) | (590,797) |
| TOTAL LIABILITIES AND MEMBER'S DEFICIT | $ 2,819,776 | $ 3,251,681 |

See accompanying notes to financial statements.

PRITIKIN ICR LLC

STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT

| | For The Years Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| REVENUES: | | |
| Hospital | $ 4,707,234 | $ 5,659,719 |
| Printed manuals and binders | 197,571 | 256,709 |
| Training | 180,625 | 352,080 |
| TOTAL REVENUES | 5,085,430 | 6,268,508 |
| EXPENSES: | | |
| Program expenses | 210,383 | 499,816 |
| Salaries and related benefits | 3,873,932 | 2,874,835 |
| Contractors | 24,439 | 82,727 |
| Consulting | 393,511 | 430,827 |
| Payroll taxes | 244,386 | 179,396 |
| Commission expense | 76,397 | 30,943 |
| Travel and meals | 136,863 | 441,852 |
| Trade shows | 16,885 | 52,217 |
| Recruiting | 63,961 | 353,416 |
| Rent | 136,988 | 144,727 |
| Legal and professional fees | 166,017 | 255,673 |
| Insurance | 243,275 | 238,151 |
| Advertising | 282,276 | 187,632 |
| Supplies | 25,003 | 34,940 |
| Administrative expenses - related party | 30,000 | 30,000 |
| Depreciation and amortization | 64,006 | 48,552 |
| Other general and administrative | 80,601 | 68,918 |
| TOTAL EXPENSES | 6,068,923 | 5,954,622 |
| (LOSS) INCOME FROM OPERATIONS | (983,493) | 313,886 |
| OTHER INCOME (EXPENSES): | | |
| Paycheck Protection Program grant income | 578,667 | - |
| Impairment loss on impairment of website development costs | - | (338,303) |
| Other expenses | - | (5,294) |
| Interest income | 8,108 | 15,287 |
| Interest expense | (111,667) | (83,670) |
| TOTAL OTHER INCOME (EXPENSES), net | 475,108 | (411,980) |
| NET LOSS | (508,385) | (98,094) |
| Member's Deficit -- Beginning of year | (590,797) | (492,703) |
| Member's Deficit -- End of year | $ (1,099,182) | $ (590,797) |

See accompanying notes to financial statements.

PRITIKIN ICR LLC

STATEMENTS OF CASH FLOWS

| | For The Years Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | $ (508,385) | $ (98,094) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 64,006 | 48,552 |
| Impairment loss on impairment of website development costs | - | 338,303 |
| Paycheck Protection Program grant income | (578,667) | - |
| Changes in assets and liabilities: | | |
| Accounts receivable | (62,382) | (753,276) |
| Prepaid expenses | (48,663) | (27,026) |
| Other assets | (49,978) | (187,107) |
| Accounts payable | (43,978) | (123,100) |
| Accrued expenses | 156,194 | 137,395 |
| TOTAL ADJUSTMENTS | (563,468) | (566,259) |
| NET CASH USED IN OPERATING ACTIVITIES | (1,071,853) | (664,353) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (7,326) | (101,311) |
| Purchases of video costs | (23,126) | - |
| Purchases of website development costs | (98,328) | (261,710) |
| NET CASH USED IN INVESTING ACTIVITIES | (128,780) | (363,021) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Paycheck Protection Program | 578,667 | - |
| Net advances to related parties | (32,961) | (17,616) |
| Proceeds from notes payable - Majority Member | - | 1,750,000 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 545,706 | 1,732,384 |
| NET CHANGE IN CASH | (654,927) | 705,010 |
| CASH - BEGINNING OF YEAR | 1,103,248 | 398,238 |
| CASH - END OF YEAR | $ 448,321 | $ 1,103,248 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for interest: | $ - | $ - |

See accompanying notes to financial statements.

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Pritikin ICR LLC ("Pritikin ICR" or the "Company"), a Delaware limited liability company, was formed on February 5, 2013 for the purpose of providing intensive cardiac rehabilitation ("ICR") by utilizing the methods created by Florida Pritikin Center LLC ("Pritikin") d/b/a/ Pritikin Longevity Center and Spa to patients of healthcare providers located in the United States of America. Pritikin is an entity related to the Company through common ownership. Pritikin ICR is 100% owned by Pritikin Enterprises LLC (the "Sole Member"). Pritikin ICR promotes the Pritikin philosophy that is based on science and research and offers an integrated approach that combines lifestyle enhancement education and healthy eating with structured exercise through video lectures with moderators to patients of healthcare providers. The Pritikin ICR program has been approved for reimbursement by Medicare.

Cash and Cash Equivalents: Highly liquid investments with original maturities of three months or less at the date of purchase are considered cash equivalents. The Company had no cash equivalents at December 31, 2020 and 2019.

Accounts Receivable: In the normal course of business, the Company provides credit to its healthcare providers and performs credit evaluations of these healthcare providers. Management reviews these accounts annually to determine if an allowance for doubtful accounts is necessary. The Company establishes an allowance for doubtful accounts based on historical experience and any specific collection issues that the Company has identified. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. As of December 31, 2020 and 2019, management determined that accounts receivable are fully collectible and, accordingly, has not established an allowance for doubtful accounts.

Inventory: Inventory consisting of binders are valued at the lower of cost (first-in, first-out basis) or net realizable value. On a periodic basis, the Company reviews its inventory and identifies that which is excess, slow moving and obsolete by considering factors such as inventory levels, expected product life and forecasted sales demand. Any identified excess, slow moving, and obsolete inventory is written down to its market value through a charge to program expenses. As of December 31, 2020 and 2019, the Company did not have any inventory on hand.

Property and Equipment: Property and equipment are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, ranging from 3 to 6 years. Improvements to leased property are amortized over the life of the lease or the life of the improvement, whichever is shorter.

Website Development Costs: The Company has an intangible asset which consists of website development costs that will be amortized using the straight-line method over the estimated useful life of 5 years once the asset is placed in service. During the year ended December 31, 2019, this asset had not been placed in service; however, the asset was placed in service during the year ended December 31, 2020. Amortization expense for the year ended December 31, 2020 totaled approximately $17,000.

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Video Costs: Video costs represent direct costs incurred in the development of additional video lectures and sell in videos for the Pritikin ICR program. The costs are capitalized once the video will generate probable future economic benefits and costs can be measured reliably. Video costs are amortized over 5 years or less, representing an estimate of the expected operating life cycle of the video. Amortization expense related to the video costs totaled approximately $3,000 and $18,000 during the years ended December 31, 2020 and 2019, respectively. During the year ended December 31, 2019, the video costs became fully amortized; however, during 2020 additional video costs were incurred and capitalized.

Impairment of Long-Lived Assets: The Company assesses, on an annual basis, the recoverability of the carrying amount of long-lived assets used in continuing operations. A loss is recognized when expected future cash flows (undiscounted and without interest) are less than the carrying amount of the asset. The impairment loss is determined as the difference by which the carrying amount of the asset exceeds its fair value. For the year ended December 31, 2020 the Company did not believe that there were factors or circumstances indicating impairment of any of its long-lived assets. For the year ended December 31, 2019 the Company determined that certain website development costs were impaired and the Company recorded an impairment expense of approximately $338,000.

Advertising: The Company expenses all advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2020 and 2019 were approximately $283,000 and $188,000, respectively.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses at the date of the financial statements. Actual results could differ from those estimates.

Income Taxes: As a limited liability company, the Company’s taxable income or loss is allocated to its Sole Member. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.

The Company accounts for the uncertainty in income taxes in accordance with GAAP, which requires recognition of a tax position in the financial statements only after determining that the relevant tax authority would more likely than not sustain the tax position following a tax audit.

For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company applied this guidance to its tax positions for the years ended December 31, 2020 and 2019. The Company has no material unrecognized tax benefits and no adjustments to its financial position, results of operations or cash flows were required. The Company’s tax returns for the years ended

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Income Taxes--Continued: December 31, 2017 through 2019 remain subject to examination by federal and state tax jurisdictions. The Company recognizes accrued interest and penalties related to uncertain tax positions, if any, as income tax expense.

Reclassifications: Certain amounts in the prior-year financial statements have been reclassified in order to be comparable with the current year presentation.

Subsequent Events: The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 6, 2021, the date the financial statements were available to be issued.

Recently Adopted Accounting Standards: In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, which added Topic 848, Reference Rate Reform, to the Accounting Standards Codification ("ASC"). Topic 848 addresses certain operational issues that are likely to arise in accounting for (1) contract modifications as a result of reference rate reform, including issues relating to the significant volume of contracts and other arrangements (e.g., debt agreements, lease agreements, and derivative instruments) that will require modification to replace references to discontinued rates with those of replacement rates, and (2) hedges, including changes in a reference rate that could disallow the application of certain hedge accounting guidance or cause certain hedging relationships no longer to qualify as "highly effective" during the period of the market-wide transition to a replacement rate. ASU 2020-04 also provides a one-time election to sell debt securities classified as held-to-maturity or to transfer certain such securities to the available-for-sale or trading category without calling into question the prior assertion of an entity's intent and ability to hold such securities to maturity. The guidance in ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The adoption of ASU 2020-04 did not have a significant impact on the Company's financial statements.

Recent Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, Leases (ASC Topic 842), which amends the existing guidance to require lessees to recognize lease assets and lease liabilities from operating leases on the balance sheet and affects certain financial statement disclosure requirements for both lessees and lessors. In addition, the FASB issued ASU 2018-10 and ASU 2018-11 in July 2018 to clarify and correct unintended application of guidance in ASC Topic 842. In March 2019, the FASB issued ASU 2019-01 to assist stakeholders with potential implementation issues that could arise as organizations implement ASC Topic 842. In November 2019, the FASB issued ASU 2019-10 which updated the effective date related to ASC Topic 842. In June 2020, the FASB issued ASU 2020-05 which updated the effective date related to ASC Topic 842. All ASUs listed herein are collectively referred to as the "Topic 842 Amendments" and are generally effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is currently evaluating the impact that the adoption of the Topic 842 Amendments will have on the Company's financial statements.

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Recent Accounting Pronouncements--Continued: In June 2016, the FASB issued ASU 2016-13 Financial Instruments, Measurement of Credit Losses on Financial Instruments (ASC Topic 326). The main objective of this update is to replace the incurred loss impairment methodology under current GAAP, with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Trade receivables that management has the intent and ability to hold for the foreseeable future until payoff shall be reported in the balance sheet at outstanding principal adjusted for any charge-offs and the allowance for credit losses (no longer referred to as the allowance for doubtful accounts). In November 2018, the FASB issued ASU 2018-19 to clarify and improve areas of guidance related to Topic 326. In April 2019, the FASB issued ASU 2019-04 to clarify and improve areas of guidance related to Topic 326. In May 2019, the FASB issued ASU 2019-05 to provide transition relief related to Topic 326. In November 2019, the FASB issued ASU 2019-10 which updated the effective date related to Topic 326 and ASU 2019-11 to clarify and address stakeholders' specific issues related to Topic 326. ASU 2016-13 and the related amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. Management is currently evaluating the impact that the adoption of ASU 2016-13 and the related amendments will have on the Company's financial statements.

In March 2020, FASB issued ASU 2020-03, Codification Improvements to Financial Instruments. This ASU improves and clarifies various financial instrument topics, including the current expected credit losses standard issued in 2016. The ASU includes seven different issues that describe the areas of improvement and the related amendments to GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. The amendments have different effective dates ranging from fiscal years beginning after December 15, 2019 to 2023. Management does not believe that issues in this ASU that were effective during the 2020 year or will be effective afterwards had or will have a significant effect on the Company's financial statements.

In October 2020, the FASB issued ASU 2020-10, Codification Improvements. The amendments in this ASU improve the Codification by ensuring that all guidance that requires or provides an option for an entity to provide information in the notes to financial statements is codified in the Disclosure Section of the Codification. Furthermore, the amendments in this ASU include updates that are varied in nature and may affect the application of the guidance in cases in which the original guidance may have been unclear. The amendments clarify guidance so that an entity can apply the guidance more consistently. The amendments in this Update are effective for annual periods beginning after December 15, 2020, for public business entities. For all other entities, the amendments are effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Management is currently evaluating the effect that ASU 2020-10 will have on the Company's financial statements.

NOTE B--REVENUE RECOGNITION

The majority of the Company's revenue is derived from contracts with customers. The Company accounts for revenue in accordance with ASC Topic 606 Revenue from Contracts with Customers, which was adopted on January 1, 2019 via the modified retrospective approach. The modified retrospective adoption of ASC Topic 606 did not impact the balance sheet as of December 31, 2018 and the results of operations for the year ended December 31, 2018. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Company generates the majority of its revenue from various franchise agreements with certain healthcare providers. The Company considers the franchise benefits to be highly related and all to be a part of one predominant performance obligation, granting a license of symbolic intellectual property for the Pritikin license. In return for use of this license, Pritikin bills the hospitals certification fees. Certification fees at the Company are billed monthly based on healthcare providers' net collections, sessions administered, or enrollments as determined by their agreement and are generally due by the last day of the month following the date of occurrence. These certification revenues are either a usage-based royalty because they are dependent on the number of sessions that occurred, enrollments during the month, or a sales-based royalty in the case of net collection from healthcare providers. As such, under ASC 606 the Company applies the exception for sales or usage-based royalty from the requirements of accounting for variable consideration and recognizes revenue when the healthcare providers administer the Pritikin-certified ICR program to their patients, rather than estimated at contract inception.

This incremental revenue recognition is the most appropriate measure of progress toward complete satisfaction of the performance obligation. For those healthcare providers who report net collections data on a lagging basis, the Company estimates and accrues for those customers as required by ASC 606.

The Company invoices healthcare providers once or as performance obligations are satisfied, at which point payment becomes unconditional. As the majority of the Company's performance obligations are satisfied over time and customers typically do not make material payments in advance, nor does the Company have a right to consideration in advance of control transfer, the Company had no contract assets or contract liabilities recorded within its Balance Sheet at December 31, 2020 and 2019. The Company recognizes a receivable on its Balance Sheet as healthcare providers administer sessions or transfers a product in advance of receiving consideration, and the Company's right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. The Company's policy is to exclude taxes collected from providers from the transaction price of the agreements. Accounts receivable includes accrued amounts for those certain net collection customers who report their billing data on a delay.

NOTE B--REVENUE RECOGNITION--Continued

Total revenues also include other revenues which consists primarily of revenues from the sale of manuals, binders and training sessions. The Company recognizes revenues for these services at a point in time, at the time of transfer of these goods or completion of the training sessions.

Commissions are deferred and included as a component of other assets in the accompanying balance sheets and are amortized over the contractual term of the franchise agreement. Net contract acquisition costs as of December 31, 2020 and 2019 amount to approximately $237,000 and $187,000, respectively.

Disaggregated revenues for the Company are summarized as follows:

| | December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Revenues recognized over time | $ 4,707,234 | $ 5,659,719 |
| Revenues recognized at a point in time | 378,196 | 608,789 |
| | $ 5,085,430 | $ 6,268,508 |

NOTE C--LIQUIDITY

As shown in the accompanying financial statements, the Company has incurred a net loss of approximately $508,000 and $98,000 during the years ended December 31, 2020 and 2019, respectively. The Company also incurred negative cash flows from operations for the years ended December 31, 2020 and 2019. The Company has been managing its cash shortfalls through the receipt of loans from the majority member of the Sole Member (the “Majority Member”). The Majority Member, having the financial resources to support the Company, provided the Company with working capital loans totaling $1,750,000 during 2019. Additionally, the Majority Member has provided a written commitment to fund any additional cash shortages, if necessary, through May 31, 2022.

NOTE D--PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

| | December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Leasehold improvements | $ 115,360 | $ 115,360 |
| Computer equipment | 105,265 | 97,939 |
| Office furniture | 8,371 | 8,371 |
| | 228,996 | 221,670 |
| Less: accumulated depreciation and amortization | (120,076) | (75,951) |
| | $ 108,920 | $ 145,719 |

Depreciation and amortization expense for property and equipment amounted to approximately $44,000 and $36,000 for the years ended December 31, 2020 and 2019, respectively.

NOTE E--NOTES PAYABLE-MAJORITY MEMBER

During the year ended December 31 2019, the Company entered into a promissory note with the Majority Member totaling $1,750,000. As of Janury 1, 2019, the Company had two promissory notes with the Majority Member totaling $1,550,000. Together these 3 promissory notes are collectively referred to as the Notes. The Notes bear interest at a rate of 3.25% per annum, compounded annually. The outstanding principal balance of the Notes, all accrued and unpaid interest, and any other costs, fees or charges payable to the Majority Member in connection with the Notes shall be due and payable on demand of the Majority Member. The Notes are collateralized by a certain Guaranty and Collateral Agreement. The outstanding principal balance of the Notes as of December 31, 2020 and 2019 totals $3,300,000 as of both years then ended. As of December 31, 2020 and 2019, unpaid interest due to the Majority Member pertaining to the Notes totals approximately $247,000 and $136,000, respectively, and is included in accrued expenses in the accompanying balance sheets.

In January 2020, the Majority Member assigned all of its outstanding notes with the Company to a revocable living trust (the "Trust"). The assignment is effective January 31, 2020 and entitles the Trust to receive all payments of principal, interest and fees of the outstanding notes with the Majority Member as further defined on the assignment agreement.

NOTE F--RELATED PARTY TRANSACTIONS

Services Agreement: The Company has a Services Agreement (the "Agreement") with Pritikin. In connection with the Agreement, Pritikin will provide the Company with administrative services and prior to 2020 it also included providing ICR qualification and requalification training to healthcare providers in collaboration with the Company. During 2020 all training and implementations were done through a combination of on-site (at the provider) and remote training.

The services will be provided by Pritikin for an indefinite period of time and the Company will pay Pritikin the actual cost of providing these services. However, at this time no provider training is planned at Pritikin in the future by the Company. Training fee expenses charged by Pritikin in each of the years ended December 31, 2020 and 2019 amounted to approximately $- and $247,000, respectively, and are included in program expenses in the accompanying statements of operations and member's deficit. Administrative expenses in each of the years ended December 31, 2020 and 2019 amounted to approximately $30,000, and are included in administrative expenses – related party in the accompanying statements of operations and member's deficit. As of December 31, 2020 and 2019, unpaid administrative and other expenses paid by Pritikin on behalf of the Company amounted to approximately $10,000 and $78,000, respectively, and are included in due to related parties in the accompanying balance sheets.

The Company has access to the patient lecture ICR videos that are owned by Pritikin. As the videos are utilized by the healthcare providers that the Company has contracted with, the Company will pay Pritikin a service fee amounting to $1 for each video lecture use by a patient. Service fees for the years ended December 31, 2020 and 2019 amounted to approximately $62,000 and $84,000, respectively, and are included in program expenses in the accompanying statements of operations and member's deficit.

NOTE F--RELATED PARTY TRANSACTIONS--Continued

Operating Lease: In December 2018, the Company entered into a verbal arrangement whereby the Company leases the corporate office space and certain equipment from another entity related by common ownership ("Related Entity #1"). This lease is on a month-to-month basis and required the Company to pay a monthly fee of approximately $6,500 through March 2019. Beginning March 2019, the corporate office space was expanded, and the monthly fee increased to approximately $11,000 per month. Amounts charged to operations related to the lease arrangement for the years ended December 31, 2020 and 2019 totaled approximately $137,000 and $145,000, respectively.

Consulting fees: For the years ended December 31, 2020 and 2019, the Company incurred consulting fees owed to Related Entity #1 in the amount of $35,000 for both years then ended. These fees are included in due to related parties in the accompanying balance sheets as of December 31, 2020 and 2019.

During the year ended December 31, 2020, the Company incurred and paid consulting fees to a related entity under common ownership for IT services in the amount of $13,500. No such amounts were incurred by the Company during the year ended December 31, 2019.

Due from related party: As of December 31, 2020 and 2019, amounts due from an entity related by common ownership total approximately $9,000 and $12,000, respectively, and pertain to reimbursements for disbursements paid by the Company on behalf of the related entity.

Due to related parties: As of December 31, 2020 and 2019, amounts due to entities related by common ownership total approximately $77,000 and $113,000 (inclusive of the amounts due to Related Entity #1), respectively, and pertain to amounts due for disbursements paid by the related entity on behalf of the Company.

NOTE G--EMPLOYEE BENEFIT PLAN

On April 1, 2015, the Sole Member established a multiple employer 401(k) profit sharing plan (the "Pritikin Plan") covering substantially all employees on their date of employment. The Pritikin Plan allows eligible participants to defer a portion of their current compensation and have these amounts contributed to the Pritikin Plan on their behalf. Effective January 1, 2018, the Company started contributing up to 4% of the participating employee's wages. The Company can make discretionary employer contributions to the Pritikin Plan based on a pre-determined formula. Amounts contributed by employees are fully vested when contributed. Amounts contributed by the Company are vested at the end of the plan year, if the employee has met the Pritikin Plan's vesting requirement which is based on years of credited service. The Company made employer contributions to the Pritikin Plan of approximately $91,000 and $45,000 during the years ended December 31, 2020 and 2019, respectively.

NOTE H--SIGNIFICANT CONCENTRATIONS

Cash: Cash is maintained at a financial institution, which at times may exceed federally insured limits. The Company has not experienced any losses related to these balances. Balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per depositor at the financial institution. As of December 31, 2020 and 2019, the Company maintained cash deposits in excess of FDIC insured limits of approximately $200,000 and $853,000, respectively.

Major Customers: Two customers accounted for approximately 22% of the Company's total revenues for the year ended December 31, 2020. One customer accounted for approximately 12% of the Company's total revenues for the year ended December 31, 2019.

As of December 31, 2020 there were no customers that represented a major customer concentration of the Company's total accounts receivable. Two customers accounted for approximately 22% of the Company's total accounts receivable as of December 31, 2019.

Major Vendors: Two vendors accounted for approximately 91% and 33% of the Company's accounts payable at December 31, 2020 and 2019, respectively.

NOTE I--COMMITMENTS AND CONTINGENCIES

Provider Agreements: The Company has entered into various agreements (the "Provider Agreements") with certain healthcare providers. In connection with the Provider Agreements, the Company will provide training through a combination of on-site and remote training to the healthcare providers to become Pritikin certified to offer and teach a program to the healthcare provider's ICR patients. Once certified, the healthcare providers will offer the Pritikin certified ICR program to certain of its patients and the healthcare providers will pay the Company a fixed percentage of its net collections or Medicare reimbursement amount (as defined in the related Provider Agreements) for the ICR sessions administered by the healthcare providers. The Provider Agreements generally have initial three-year terms and will automatically renew for successive renewal periods of three years unless either party provides six months' notice of termination.

Consulting Agreements: The Company has certain consulting arrangements with unrelated individuals and companies for ICR research and other services. The consulting arrangement requires the Company to pay monthly fees of approximately $48,000. The arrangements expire through August 2023. Future annual consulting commitments under these arrangements are as follows:

| December 31, | |
|---|---|
| 2021 | $ 575,000 |
| 2022 | 475,000 |
| 2023 | 296,000 |
| | $ 1,346,000 |

NOTE I--COMMITMENTS AND CONTINGENCIES--Continued

Consulting Agreements--Continued: These consulting arrangements including other month-to-month consulting arrangements and the related party consulting fees (See Note F) total approximately $394,000 and $431,000 for the years ended December 31, 2020 and 2019, respectively.

Lease Commitments: In March 2019, the Company entered into a non-cancellable operating lease with an unrelated party for the rental of office equipment. This lease ends in February 2023. Future minimum lease commitment under the non-cancelable operating lease as of December 31, 2020 is summarized as follows:

| December 31, | |
|---|---|
| 2021 | $ 4,000 |
| 2022 | 4,000 |
| 2023 | 4,000 |
| | $ 12,000 |

Coronavirus Pandemic: In March 2020, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. While the disruption was originally expected to be temporary, there is currently uncertainty around the extent and duration of the pandemic. A significant portion of the Company's revenue is derived from video sessions from hospital views for ICR. The coronavirus pandemic resulted in mandatory calls from federal, state and local authorities regarding closures of various establishments. The coronavirus pandemic has or is expected to continue to impact the Company's ability to operate, as a result of changes implemented by the Company to comply with the guidelines of the Centers for Disease Control and Prevention.

Additionally, in response to the coronavirus pandemic and recent trends in customer revenues, the Company has reduced costs to the extent possible and is closely monitoring liquidity to minimize the negative impact of the coronavirus pandemic on cash flow. Therefore, while the Company expects this matter to continue to negatively impact its operating results, the financial impact is expected to be managed through the funding commitment provided by its Majority Member (Note C).

NOTE J--PAYCHECK PROTECTION PROGRAM

On April 10, 2020, the Company entered into a loan agreement with a financial institution for a principal amount of approximately $579,000 ("PPP Loan") pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The PPP Loan is evidenced by a promissory note (the "Note"). Subject to the terms of the Note, the PPP Loan bears interest at a fixed rate of one percent (1%) per annum, has an initial term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration ("SBA").

NOTE J--PAYCHECK PROTECTION PROGRAM--Continued

Payments of principal and interest are deferred for at least the first six months and payable in 18 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period. The Company may apply to the lender for forgiveness of the PPP Loan, with the amount which may be forgiven equal to the sum of payroll costs, covered rent obligations, and covered utility payments incurred by the Company during the twenty-four week period beginning on May 6, 2020, calculated in accordance with the terms of the CARES Act. Repayment of the PPP Loan may be accelerated upon the occurrence of an event of default.

GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a for-profit entity. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allows for the selection of accounting policies amongst acceptable alternatives. Based on facts and circumstances outlined below, the Company determined it most appropriate to account for the PPP Loan proceeds as an in-substance government grant by analogy to International Accounting Standards 20 ("IAS 20"), Accounting for Government Grants and Disclosure of Government Assistance. Under the provisions of IAS 20, "a forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan." IAS 20 does not define "reasonable assurance"; however, based on certain interpretations, it is analogous to "probable" as defined in FASB ASC 450-20-20 under GAAP, which is the definition the Company has applied to its expectations of PPP loan forgiveness. Under IAS 20, government grants are recognized in earnings on a systematic basis over the periods in which the Company recognizes costs for which the grant is intended to compensate (i.e. qualified expenses). Further, IAS 20 permits for the recognition in earnings either separately under a general heading such as other income, or as a reduction of the related expenses. The Company has elected to recognize government grant income as other income. Qualified expenses incurred during the year ended December 31, 2020, amounted to approximately $579,000 and are included in the Company's expenses in the accompanying statement of operations and member's deficit. For the year-ended December 31, 2020, the Company has recorded PPP grant income of approximately $579,000, which is included in Other Income (Expense), net in the accompanying statement of operations and member's deficit.

The Company has performed initial calculations for the PPP Loan forgiveness according to the terms and conditions of the SBA's Loan Forgiveness Application (Revised June 24, 2020) and, based on such calculations, expects that the PPP Loan will be forgiven in full, based on usage of related proceeds, over the covered period.

In addition, the Company has determined it is probable the Company will meet all the conditions necessary for the PPP Loan to be fully forgiven. However, there can be no assurances that the Company will ultimately meet the conditions for forgiveness of the loan or that the Company will not take actions that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part.

NOTE J--PAYCHECK PROTECTION PROGRAM--Continued

The Company plans to submit the PPP Loan forgiveness application for the full PPP Loan amount and expects a response regarding approval in 2021. In accordance with the terms and conditions under the Payroll Protection Program Flexibility Act of 2020 (the “Flexibility Act”), the lender has 60 days from receipt of the completed application to issue a decision to the SBA. If the lender determines that the borrower is entitled to forgiveness, in whole or in part, of the amount applied for under the statute and applicable regulations, the lender must request payment from the SBA at the time the lender issues its decision to the SBA. The SBA will, subject to any SBA review of the loan or loan application, remit the appropriate forgiveness amount to the lender, plus any interest accrued through the date of payment, not later than 90 days after the lender issues its decision to the SBA. The amount the Company borrowed is within the “safe-harbor” limitations of the SBA. Although the Company believes it is probable that the PPP Loan will be forgiven, the Company cannot provide any objective assurance that it will obtain forgiveness in whole or in part.

**UNAUDITED FINANCIAL STATEMENTS**

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Pritikin ICR LLC
Balance Sheet-Unaudited
March 31, 2022
All Numbers in Thousands

**Assets**

| | | |
|---|---|---|
| **Current Assets** | | |
| Cash | $ 724 | |
| Accounts Receivable Trade | $ 1,950 | |
| Prepaid Expenses | $ 402 | |
| Other Current Assets | $ 664 | |
| **Total Current Assets** | | $ 3,740 |
| Property & Equipment, net of Accumulated Depreciation | | $ 96 |
| Website Development, net of Accumulated Depreciation | | $ 127 |
| Other Assets | | $ 503 |
| **Total Assets** | | $ 4,466 |

**Liabilities & Capital**

| | | |
|---|---|---|
| **Current Liabilities** | | |
| Accounts Payable | $ 69 | |
| Accrued Expenses | $ 254 | |
| Intercompany Payable | $ 86 | |
| **Total Current Liabilities** | | $ 409 |
| Long-Term Liabilities | | |
| Note Payable-Shareholder | $ 3,300 | |
| Accrued Interest-Shareholder | $ 393 | |
| **Total Long-Term Liabilities** | | $ 3,693 |
| **Total Liabilities** | | $ 4,102 |
| Capital | | |
| Member's Capital | $ 8,444 | |
| Retained Earnings | $ (8,528) | |
| Net Income | $ 448 | |
| **Total Capital** | | $ 364 |
| **Total Liabilities & Capital** | | $ 4,466 |

Pritikin ICR LLC
Income Statement-Unaudited
For the Three Months Ending March 31, 2022
All Numbers in Thousands

| | Year to Date |
|---|---|
| Total Revenues | $ 2,089 |
| Total Expenses | $ 1,641 |
| Net Income | $ 448 |

Pritikin ICR LLC
Statement of Cash Flows-Unaudited
For the Three Months Ending March 31, 2022
All Numbers in Thousands

| | Year to Date |
|---|---|
| Cash Flows from operating activities | |
| Net Income | $ 448 |
| | |
| Adjustments to reconcile net income to net cash provided by operating activities | |
| Depreciation & Amortization | $ 20 |
| Net Change in Current Assets | $ (385) |
| Net Change in Accounts Payable | $ 2 |
| Net Change in Accrued Expenses | $ (204) |
| Net Change in Other Assets | $ (503) |
| Net Change in Intercompany Payable | $ 43 |
| | |
| Total Adjustments | $ (1,027) |
| | |
| Net Cash Used by Operations | $ (579) |
| | |
| Cash Flows from investing activities | |
| Used For F/A & Web Portal | $ (16) |
| | |
| Net cash used in investing | $ (16) |
| | |
| Cash Flows from financing activities | |
| Proceeds From | |
| Notes Payable - Fox Shareholde | $ - |
| Accrued Interest - Shareholder | $ 30 |
| Interco Payable | $ - |
| | |
| Net cash provided by financing | $ 30 |
| | |
| Net increase <decrease> in cash | $ (565) |
| | |
| Summary | |
| Cash Balance at End of Period | $ 724 |
| Cash Balance at Beg of Period | $ (1,289) |
| Net increase <decrease> in cash | $ (565) |

## EXHIBIT C
## LIST OF ADMINISTRATORS

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

| | |
|---|---|
| **CALIFORNIA**<br>Commissioner of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>Toll Free: (866) 275-2677 | **NEW YORK**<br>New York State Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, New York 10005<br>(212) 416-8222 |
| **HAWAII**<br>Commissioner of Securities<br>Department of Commerce & Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **NORTH DAKOTA**<br>North Dakota Securities Department<br>State Capitol<br>Department 414<br>600 East Boulevard Avenue, Fifth Floor<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712 |
| **ILLINOIS**<br>Illinois Office of the Attorney General<br>Franchise Bureau<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 | **RHODE ISLAND**<br>Department of Business Regulation<br>Securities Division, Building 69, First Floor<br>John O. Pastore Center<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9527 |
| **INDIANA**<br>Secretary of State<br>Franchise Section<br>302 West Washington, Room E-111<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | **SOUTH DAKOTA**<br>Division of Insurance<br>Securities Regulation<br>124 South Euclid Avenue, 2nd Floor<br>Pierre, South Dakota 57501<br>(605) 773-3563 |
| **MARYLAND**<br>Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020<br>(410) 576-6360 | **VIRGINIA**<br>State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, Virginia 23219<br>(804) 371-9051 |
| **MICHIGAN**<br>Michigan Attorney General's Office<br>Corporate Oversight Division, Franchise Section<br>525 West Ottawa Street<br>G. Mennen Williams Building, 1st Floor<br>Lansing, Michigan 48913<br>(517) 335-7567 | **WASHINGTON**<br>Department of Financial Institutions<br>Securities Division – 3rd Floor<br>150 Israel Road, Southwest<br>Tumwater, Washington 98501<br>(360) 902-8760 |
| **MINNESOTA**<br>Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101<br>(651) 539-1600 | **WISCONSIN**<br>Division of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, Wisconsin 53705<br>(608) 266-2139 |

## EXHIBIT D
## AGENTS FOR SERVICE OF PROCESS

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

| | |
|---|---|
| **CALIFORNIA**<br>Commissioner of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>Toll Free: (866) 275-2677 | **NEW YORK**<br>New York Secretary of State<br>New York Department of State<br>One Commerce Plaza,<br>99 Washington Avenue, 6th Floor<br>Albany, New York 12231-0001<br>(518) 473-2492 |
| **HAWAII**<br>Commissioner of Securities<br>Department of Commerce & Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **NORTH DAKOTA**<br>North Dakota Securities Commissioner<br>State Capitol<br>600 East Boulevard Avenue, Fifth Floor<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712 |
| **ILLINOIS**<br>Illinois Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 | **RHODE ISLAND**<br>Director of Department of Business Regulation<br>Department of Business Regulation<br>Securities Division, Building 69, First Floor<br>John O. Pastore Center<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9527 |
| **INDIANA**<br>Secretary of State<br>Franchise Section<br>302 West Washington, Room E-111<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | **SOUTH DAKOTA**<br>Division of Insurance<br>Director of the Securities Regulation<br>124 South Euclid Avenue, 2nd Floor<br>Pierre, South Dakota 57501<br>(605) 773-3563 |
| **MARYLAND**<br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020<br>(410) 576-6360 | **VIRGINIA**<br>Clerk of the State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, Virginia 23219<br>(804) 371-9733 |
| **MICHIGAN**<br>Michigan Attorney General's Office<br>Corporate Oversight Division, Franchise Section<br>525 West Ottawa Street<br>G. Mennen Williams Building, 1st Floor<br>Lansing, Michigan 48913<br>(517) 335-7567 | **WASHINGTON**<br>Director of Department of Financial Institutions<br>Securities Division – 3rd Floor<br>150 Israel Road, Southwest<br>Tumwater, Washington 98501<br>(360) 902-8760 |
| **MINNESOTA**<br>Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101<br>(651) 539-1600 | **WISCONSIN**<br>Division of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, Wisconsin 53705<br>(608) 266-2139 |

**EXHIBIT E**

**LIST OF CURRENT AND FORMER FRANCHISEES**

**Pritikin - Current Franchisees**
(as of December 31, 2021 and as date of this disclosure document)

| **Arkansas** | |
|---|---|
| Arkansas Heart Hospital<br>7 Shackleford West Blvd.<br>Little Rock, AR 72211<br>Amanda Xaysuda<br>501-978-3780<br>**Includes both ICR and VCR* | LDC Cardiac Rehab<br>700 West Grove Street El Dorado, AR 71603<br>Magan Squires<br>870-939-6393<br>*In the process of relocating |
| South Arkansas Cardiac Rehabilitation<br>1010 N. Dudney<br>Magnolia, AR 71753<br>Leanne Fallin<br>870-234-3488 | NEA Baptist Memorial Hospital<br>4800 East Johnson Ave.<br>Jonesboro, AR 72401<br>Lauren Harbuck<br>870-936-0139 |
| Arkansas Heart Hospital Clinic-Russellville<br>209 S. Portland Ave.<br>Russellville, AR 72801<br>Amanda Xaysuda<br>479-317-7010 | St. Bernards Medical Center<br>225 E Oak Ave<br>Jonesboro, AR 72401<br>Chris Prather<br>870-243-4650 |
| Arkansas Heart Hospital Clinic-Conway<br>605 Dave Ward Dr.<br>Conway, AR 72034<br>Amanda Xaysuda<br>501-978-3780 | Arkansas Heart Hospital Clinic-Benton<br>5 Medical Park Dr.<br>Benton, AR 72015<br>Amanda Xaysuda<br>501-978-3780 |
| Arkansas Heart Hospital Clinic-Fayetteville<br>3211 North Northhills Blvd<br>Fayetteville, AR 72703<br>Amanda Xaysuda<br>501-978-3780<br>**Not yet operational as of December 31, 2021* | Arkansas Heart Hospital Clinic-Hot Springs<br>149 Section Line Rd.<br>Hot Springs, AR 71913<br>Amanda Xaysuda<br>501-978-3780<br>**Not yet operational as of December 31, 2021* |
| **California** | |
| Tahoe Forest Hospital<br>10121 Pine Ave.<br>Truckee, CA 96161<br>Wendy Buchanan<br>530-587-6011, 530-582-7419 (Direct) | Eisenhower Medical Center<br>39000 Bob Hope Drive<br>Rancho Mirage, CA 92270<br>Melissa Mead<br>760-340-3911 x3806 |
| Marshall Medical Center<br>1100 Marshall Way<br>Placerville, CA 95667<br>530-622-1441<br>**VCR operational as of December 31, 2021. ICR not yet operational as of December 31, 2021.* | UC San Diego Medical Center – Hillcrest<br>9300 Campus Point Drive<br>La Jolla, CA 92037<br>Wendy Atchley<br>858-249-1384 |

| Colorado | |
|---|---|
| Centura-Littleton Adventist Hospital<br>1000 SouthPark Drive<br>Littleton, CO 80120<br>Anna Norlin<br>303-744-1065<br>303-715-2260 (Direct) | |
| **Florida** | |
| Cardiac Care Group<br>3208 Chiquita Blvd S., Suite 110<br>Cape Coral, FL 33914<br>Tony Giordano<br>239-574-8463 | AdventHealth – Fish Memorial<br>1055 Saxon Blvd<br>Orange City, FL 32763<br>386-917-5000<br>**Not yet operational as of December 31, 2021* |
| AdventHealth – Ocala<br>1500 SW 1st Ave<br>Ocala, FL 34471<br>352-351-7200<br>**Not yet operational as of December 31, 2021* | AdventHealth – Altamonte Springs<br>601 East Altamonte Drive<br>Altamonte Springs, FL 32701<br>407-609-3904<br>**Not yet operational as of December 31, 2021* |
| AdventHealth – Waterman<br>1000 Waterman Way<br>Tavares, FL 32778<br>352-253-3333<br>**Not yet operational as of December 31, 2021* | AdventHealth – Orlando<br>601 E Rollins St<br>Orlando, FL 32803<br>407-303-6611<br>**Not yet operational as of December 31, 2021* |
| AdventHealth – Tampa<br>3100 E Fletcher Ave<br>Tampa, FL 33613<br>813-971-6000<br>**Not yet operational as of December 31, 2021* | AdventHealth – Sebring<br>4200 Sun N Lake Blvd<br>Sebring, FL 33871<br>863-314-4466<br>**Not yet operational as of December 31, 2021* |
| AdventHealth – Palm Coast<br>60 Memorial Medical Parkway<br>Palm Coast, FL 32164<br>386-586-2000<br>**Not yet operational as of December 31, 2021* | AdventHealth – North Pinellas<br>1395 S Pinellas Ave<br>Tarpon Springs, FL 34689<br>727-942-5000<br>**Not yet operational as of December 31, 2021* |
| AdventHealth – Heart of Florida<br>40100 Highway 27<br>Davenport, FL 33837<br>863-422-4971<br>**Not yet operational as of December 31, 2021* | AdventHealth – Daytona Beach<br>301 Memorial Medical Parkway<br>Daytona Beach, FL 32117<br>386-231-6000<br>**Not yet operational as of December 31, 2021* |
| AdventHealth – Deland<br>701 W Plymouth Ave<br>Deland, FL 32720<br>386-943-4522<br>**Not yet operational as of December 31, 2021* | AdventHealth – Wesley Chapely<br>2600 Bruce B Downs Blvd<br>Wesley Chapel. FL 33544<br>813-929-5000<br>**Not yet operational as of December 31, 2021* |

| | |
|---|---|
| AdventHealth – Celebration<br>400 Celebration Place<br>Kissimmee, FL 34747<br>407-383-3182<br>**Not yet operational as of December 31, 2021* | AdventHealth – Zephyrhills<br>7050 Gall Blvd<br>Zephyrhills, FL 33541<br>813-788-0411<br>**Not yet operational as of December 31, 2021* |
| AdventHealth – New Smyrna Beach<br>401 Palmetto St<br>New Symrna Beach, FL 32168<br>386-424-5000<br>**Not yet operational as of December 31, 2021* | |
| **Georgia** | |
| AdventHealth – Gordon<br>1035 Red Bud Rd NE<br>Calhoun, GA 30701<br>706-602-7800<br>**Not yet operational as of December 31, 2021* | |
| **Idaho** | |
| North Idaho Cardiac Rehab<br>30544 Highway 200, Ste. 101<br>Ponderay, ID 38352<br>Lori Morris<br>208-946-5391 | |
| **Illinois** | |
| Graham Hospital Association<br>180 South Main<br>Canton, IL 61520<br>Andy French<br>309-647-5240 | UnityPoint Health Trinity<br>2701 17th St.<br>Rock Island, IL 61201<br>Dan Saskowski<br>309-779-5340 |
| Northwest Community Hospital<br>21481 North Rand Road<br>Kildeer, IL 60049<br>Anne Gavic-Ott<br>847-618-7914 | Swedish American Hospital<br>209 9th Street<br>Rockford, IL 61103<br>Tanya Eikstadt<br>779-696-5864 |
| AMITA Health Adventist Medical Center Bolingbrook<br>500 Remington Blvd<br>Bolingbrook, IL 60440<br>630-312-5000<br>**Not yet operational as of December 31, 2021* | AMITA Health Adventist Medical Center La Grange<br>5101 Willow Springs Rd<br>La Grange, IL 60525<br>708-245-9000<br>**Not yet operational as of December 31, 2021* |
| AMITA Health Adventist Medical Center Hinsdale<br>120 N Oak St<br>Hinsdale, IL 60521<br>630-856-9000<br>**Not yet operational as of December 31, 2021* | |

| Indiana | |
|---|---|
| Columbus Regional Hospital<br>2400 E 17th St.<br>Columbus, IN 47201<br>Traci Hartog<br>812-376-5247 | |
| **Kansas** | |
| Olathe Health<br>20333 W 151st St<br>Olathe, KS 66061<br>913-355-4222<br>**Not yet operational as of December 31, 2021* | AdventHealth – Shawnee Mission<br>9100 W 74th St<br>Shawnee Mission, KS 66204<br>913-676-2000<br>**Not yet operational as of December 31, 2021* |
| **Louisiana** | |
| Christus Hospital-Shreveport<br>9425 Healthplex Drive<br>Shreveport, LA 71106<br>Lillie Harris<br>318-681-7831 | Cardiovascular Institute of the South<br>425 Settlers Trace Blvd. Suite 200 \|<br>Lafayette, LA 70508<br>Thomas Vidal<br>337-735-8502<br>**Includes both ICR and VCR* |
| **Massachusetts** | |
| Steward Medical Group<br>280 Washington Street, Suite 100<br>Brighton, MA 02135<br>Diane Gaughran<br>617-787-7901 | |
| **Michigan** | |
| Michigan Heart (St. Joseph Mercy Hospital)<br>5325 Elliot Drive<br>Ypsilanti, MI 48197<br>Bryan Foster<br>734-712-8643 | AL!VE/Sparrow-Eaton Hospital<br>800 W. Lawrence Ave.<br>Charlotte, MI 48813<br>Jacob Campbell<br>517-543-5800 |
| St. Joseph Mercy Livingston Hospital<br>620 Byron Rd.<br>Howell, MI 48843<br>Amy Preston<br>517-545-6385 | Metro Health Hospital<br>2122 Health Dr SW<br>Wyoming, MI 49519<br>Melissa Cook<br>616-252-5950 |
| St. Joseph Mercy Chelsea<br>775 S. Main St.<br>Chelsea, MI 48118<br>Bryan Foster<br>734-593-5470<br>*Has not reopened since COVID closure* | |

| Minnesota | |
|---|---|
| St. Cloud Hospital<br>1406 6th Ave. N.<br>St. Cloud, MN 56303<br>Kelijo Fernholz<br>320-251-2700<br>**Includes both ICR and VCR* | CentraCare Hospital – Melrose<br>525 Main Street West<br>Melrose, MN 56352<br>Kevin Kramer<br>320-256-4231 |
| CentraCare Hospital – Sauk Centre<br>425 Elm Street North<br>Sauk Centre, MN 56378<br>Jill Uphus<br>320-352-2221 | CentraCare Hospital – Long Prairie<br>50 CentraCare Drive<br>Long Prairie, MN 56347<br>Sarah Zastrow<br>320-732-2141 |
| CentraCare Hospital – Paynesville<br>200 1st Street West<br>Paynesville, MN 56362<br>Julie Arnold<br>320-243-3767 | CentraCare Hospital – Monticello<br>1013 Hart Blvd.<br>Monticello, MN 55362<br>763-295-2945<br>**Not yet operational as of December 31, 2021* |
| **Mississippi** | |
| Baptist Memorial Hospital-North Mississippi<br>100 Baptist Memorial Cir.<br>Oxford, MS 38655<br>Shea Johnson<br>662-636-1266 | Baptist Memorial Hospital-Desoto<br>7601 Southcrest Parkway<br>Southaven, MS 38671<br>Donna Ray<br>662-772-2461 |
| Baptist Memorial Hospital-Golden Triangle<br>2520 Fifth St. North<br>Columbus, MS 39705<br>662-244-1500<br>**Not yet operational as of December 31, 2021* | |
| **Missouri** | |
| St. Luke's Hospital<br>121 St. Luke's Center Dr.<br>Chesterfield, MO 63017<br>Amy Holtsclaw<br>314-205-6100 | Heart Care Institute (Barnes)<br>1020 N. Mason Rd.<br>Creve Coeur, MO 63141<br>Jennifer Jonagan<br>314-362-1291 |
| Boone Hospital Center<br>1601 East Broadway, Boone Medical Plaza 1<br>Columbia, MO 65201<br>Patricia Ross<br>573-815-3874 | |
| **Nebraska** | |
| CHI Health – St. Elizabeth<br>555 S. 70th Street<br>Lincoln, NE 68510<br>Paul Daugherty<br>402-219-8717<br>**Includes both ICR and VCR* | Kearney Regional Medical Center<br>804 22nd Ave<br>Kearney, NE 68845<br>308-455-3600<br>**Not yet operational as of December 31, 2021* |

| Nevada | |
|---|---|
| Renown Regional Medical Center<br>10085 Double R Blvd. Ste 225<br>Reno, NV 89521<br>Lynice Anderson<br>775-982-4035<br>775-982-2492 (Direct) | |
| **New Jersey** | |
| Cardio Metabolic Institute<br>51 Veronica Ave.<br>Somerset, NJ 08873<br>Jaimie Fusco<br>732-846-7000 | Advocare, Garden State Cardiology<br>320 Route 73<br>Voorhees, NJ 08043<br>Maunesh Soni<br>856-335-4118 |
| **New York** | |
| Sterling Heart Care<br>4330 Maple Rd.<br>Amherst, NY 14226<br>Connor Knapp<br>716-221-6097 | |
| **North Carolina** | |
| Mission Hospital – Asheville<br>509 Biltmore Ave<br>Asheville, NC 28801<br>Patrick Hickey<br>828-213-1111 | AdventHealth – Hendersonville<br>100 Hospital Drive<br>Hendersonville, NC 28792<br>855-774-5433<br>**Not yet operational as of December 31, 2021* |
| **Ohio** | |
| St. Rita's Medical Center<br>730 W. Market St.<br>Lima, OH 45801<br>Suzanne Hendershot<br>419-226-9077 | Joint Township District Memorial Hospital<br>200 Saint Clair Ave<br>Saint Marys, OH 45885<br>Carol Modica<br>419-394-3335 |
| Bon Secours Mercy Health Springfield<br>3700 Kolbe Road<br>Lorain, OH 43078<br>Kiara Culmer<br>440-960-3525 | Bon Secours Mercy Health Springfield<br>200 Medical Center Drive<br>Springfield, OH 45504<br>Lisa McClure<br>937-360-5463 |
| Putnam County Ambulatory Care Center<br>601 State Route 224<br>Ottawa, OH 45875<br>Suzanne Hendershot<br>419-538-6288 | Bon Secours Mercy Health Springfield<br>904 Scioto St.<br>Urbana, OH 43078<br>Lisa McClure<br>937-360-5463 |

| Oklahoma | |
|---|---|
| Oklahoma Heart Hospital South<br>5200 E. I-240 Service Rd.<br>Oklahoma City, OK 73135<br>Darlene Wortham<br>405-608-6765 | Oklahoma Heart Hospital North<br>4050 W. Memorial Rd.<br>Oklahoma City, OK 73120<br>Darlene Wortham<br>405-608-4646 |
| **Tennessee** | |
| Bristol Regional Medical Center (Wellmont)<br>271 Medical Park Blvd.<br>Bristol, TN 37620<br>Susan Byrd<br>423-274-8680 | Baptist Memorial Hospital-Memphis<br>6019 Walnut Grove Rd.<br>Memphis, TN 38120<br>Tabetha Polly<br>901-226-5576 |
| Baptist Memorial Carroll County (Huntingdon)<br>631 R B Wilson Dr.<br>Huntingdon, TN 38344<br>Cindy Cole<br>731-986-7096 | Baptist Memorial Hospital-Union City<br>1201 Bishop St.<br>Union City, TN 38261<br>Crystal Boyles<br>731-884-8645 |
| Holston Valley Medical Center (Wellmont)<br>2050 Meadowview Parkway<br>Kingsport, TN 37660<br>Susan Byrd<br>423-230-6940 | Parkridge Medical Center, Inc.<br>2205 McCallie Avenue<br>Chattanooga, TN 37404<br>Alison Bailey<br>423-698-6061 |
| **Texas** | |
| Titus Regional Medical Center<br>2003 N. Jefferson Ave.<br>Mt. Pleasant, TX 75455<br>Carolyn Hammonds<br>903-577- 6572 | Premier Family Care (aka Midland Memorial Health)<br>4214 Andrews Highway, Suite 240<br>Midland, TX 79701<br>Jillian Tate<br>432-689-0291 |
| HCA Medical City Heart & Spine<br>7777 Forest Ln<br>Dallas, TX 75230<br>Eric Jones<br>972-566-7000 | Cardiac Center of Texas<br>4201 Medical Center Drive #380<br>McKinney, TX 65069<br>972-529-6939<br>**Not yet operational as of December 31, 2021* |
| (Regency Cardiac Rehab)<br>74 Regency Parkway<br>Mansfield, TX 76063<br>Lisa Schweyher<br>817-345-6225 | Medical City Plano (Plano, TX)<br>3901 West 15th St.<br>Plano, TX 75075<br>Michelle Hamilton<br>972-596-6800 |
| Covenant Medical Center<br>3615 19th Street<br>Lubbock, TX 79410<br>Tommy Parrish<br>806-725-4386 | UT Health<br>701 Olympic Plaza Circle<br>Tyler, TX 75701<br>Clint Rivers<br>903-596-3234 |

| | |
|---|---|
| McAllen Heart Hospital<br>500 East Ridge Road Suite 200<br>McAllen, TX 78503<br>(Anna Liza Esguerra)<br>956-926-4317 | Medical City Denton<br>3535 S I 35<br>Denton, TX 76210<br>640-384-3535<br>**Not yet operational as of December 31, 2021* |
| AdventHealth – Central Texas<br>2201 S Clear Creek Rd<br>Killeen, TX 76549<br>254-526-7523<br>**Not yet operational as of December 31, 2021* | Texas Health Huguley Hospital Fort Worth South<br>11801 South Fwy<br>Burleson, TX 76028<br>817-293-9110<br>**Not yet operational as of December 31, 2021* |
| **Washington** | |
| Virginia Mason Medical Center<br>925 Seneca Street<br>Seattle, WA 98101<br>David Cowan<br>206-625-7256 | |
| **Wisconsin** | |
| Froedtert West Bend Hospital<br>3200 Pleasant Valley Road<br>West Bend, WI<br>Rachel Kenitz<br>262-836-5533 | Froedtert Menomonee Falls Hospital<br>North Hills Health Center Ste. A-200<br>Menomonee Falls, WI 53051<br>Rachel Kenitz<br>262-251-1000 |
| Froedtert Milwaukee Hospital<br>9200 West Wisconsin Ave.<br>Milwaukee, WI 53226<br>Rachel Kenitz<br>414-805-3000 | |

**Pritikin – Former Franchisees ***

(as of December 31, 2021 or who has not communicated with us within 10 weeks of the date of this disclosure document)

Former Franchisees:

| **Florida** | |
|---|---|
| St. Vincent's Medical Center Riverside<br>1824 King Street, Suite 100<br>Jacksonville, FL 32204<br>Kerry Orton<br>904-308-8460<br>**Terminated April 30, 2021* | |
| **Arkansas** | |
| Arkansas Heart Hospital Clinic-Searcy<br>205 E. Race St.<br>Searcy, AR 72143<br>Amanda Xaysuda<br>501-978-3780<br>**Never opened. Provider has decided not to open this location.* | Arkansas Heart Hospital Clinic-Jonesboro<br>TBD<br>Jonesboro, AR 72401<br>Amanda Xaysuda<br>501-978-3780<br>**Never opened. Provider has decided not to open this location.* |
| Arkansas Heart Hospital Clinic-Fort Smith<br>TBD<br>Fort Smith, AR 72901<br>Amanda Xaysuda<br>501-978-3780<br>**Never opened. Provider has decided not to open this location.* | |

Franchisees who have not communicated with us within 10 weeks of the date of this disclosure document:

None

***If you join the franchise offered in this disclosure document, your contact information may be disclosed to other buyers when you leave the franchise system.**

# EXHIBIT F
# TABLE OF CONTENTS TO MANUALS

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# EXHIBIT G

# NEW YORK STATE-SPECIFIC DISCLOSURES

## New York Disclosure

**ADDITIONAL RISK FACTORS:**

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Disclosure Document for Pritikin ICR LLC for use in the State of New York is amended as follows:

1. Item 3, "Litigation," is amended by the addition of the following at the beginning of the Item:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, 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.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, 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.

2. Item 4, “Bankruptcy” is amended by the addition of the following at the beginning of the Item:

Neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by deleting “d”, “j”, “w” and the following new “d”, “j”, “w” is substituted in lieu thereof:

| Provision | Section in Certification Agreement | Summary |
|---|---|---|
| d. Termination by you | Sections 7.3 and 7.4 | Either Party may terminate this Agreement for a breach of the material terms of the Agreement if the other party does not cure the breach within the "Cure Period" after the breaching Party receives a written notice as to all outstanding deficiencies and/or complaints. The Cure Period is 30 business days for all defaults other than a payment default (for which there is a 5 business day cure period). If the breaching party does not cure within the Cure Period, the non-breaching party may immediately terminate the Agreement by providing written notice to the breaching party.<br><br>Additionally, either Party may terminate this Agreement in the following circumstances:<br><br>(1) Either party provides 180 days written notice of termination because Medicare changes the reimbursement for the Pritikin ICR Program that results in a reduction of the per session reimbursement amount, plus any per session incentive payment at the time of the Medicare reimbursement rate cut, to less than $50.00 per session ("Fee Threshold") (and does not increase it to above $60 during the 180 termination notice period; and<br><br>(2) Either party provides notice of termination because Medicare changes the reimbursement methodology wherein a single payment for certain types and episodes of cardiac care is made by Medicare to an entity that assumes financial responsibility for reimbursement of additional types of providers, including reimbursement for intensive cardiac rehabilitation, but does not allocate a specific reimbursement amount for intensive cardiac rehabilitation. The termination will be effective 180 days after the later of the date of written termination or the date the "Bundled Payment" methodology goes into effect.<br><br>Pursuant to New York General Business Law, the franchisee may terminate the Agreement upon any grounds available by law. |
| j. Assignment of contract by us | Section 13.4 | We have the right to assign the Certification Agreement or our rights under it. |

| Provision | Section in Certification Agreement | Summary |
|---|---|---|
| | | No assignment will be made except to an assignee who, in Franchisor's our judgment, is willing and able to assume the Franchisor's obligations under the Certification Agreement. |
| w. Choice of law | Section 13.6 | Delaware law governs. Your state's law may override this provision. Various state disclosure addenda and agreement amendments are attached as an exhibit to this disclosure document and contain additional terms that may be required under applicable state law.<br><br>The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33. |

4. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

## STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

**THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

# EXHIBIT H
# NEW YORK STATE-SPECIFIC AMENDMENT TO THE CERTIFICATION AGREEMENT

## New York Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Pritikin ICR LLC Certification Agreement (the "Agreement") agree as follows:

1. The Certification Agreement is amended by adding the following:

   Nothing in this Agreement should be considered a waiver of any right conferred upon Provider by New York General Business Law, Sections 680-695.

2. There are circumstances in which an offering made by Pritikin would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York (among other things) if Provider is domiciled in New York. Pritikin is required to furnish a New York prospectus to every prospective Provider who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment on the same date as the Certification Agreement was executed.

| PRITIKIN ICR LLC | FRANCHISEE |
|---|---|
| By:_____ | By:_____ |
| Name: | Name: |
| Title: | Title: |

**EXHIBIT I**

## 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:

| STATES | EFFECTIVE DATE |
|---|---|
| New York | 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.

# EXHIBIT J

# RECEIPTS

## ITEM 23 • RECEIPT

(Exhibit J)

This Disclosure Document summarizes certain provisions of the franchise agreement (the Certification Agreement) and other information in plain language. Read this disclosure document and all agreements carefully.

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

If Pritikin ICR LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit C.

The franchisor is Pritikin ICR LLC, located at 7701 Forsyth Boulevard, Suite 600, Clayton, Missouri 63105 (tel 800-677-0257). The franchise sellers are Terry Rogers, our President, and Sam Fox, our CEO, both of whom can be reached at Pritikin ICR LLC's offices, 7701 Forsyth Boulevard, Suite 600, Clayton, Missouri 63105 (tel 800-677-0257). Any additional individual franchise sellers involved in offering the franchise are:

_____.

The issuance date of this Franchise Disclosure Document is April 19, 2022. Pritikin ICR LLC authorizes the agents listed in Exhibit D to receive service of process for us.

I have received a Franchise Disclosure Document dated April 19, 2021, and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following exhibits:

| | | | |
|---|---|---|---|
| A | Certification Agreement (New York) and Related Exhibits | F | Table of Contents to Manuals |
| B | Pritikin ICR LLC's Financial Statements | G | New York Specific Disclosures |
| C | List of Administrators | H | New York Certification Agreement Amendment |
| D | Agents for Service of Process | I | State Effective Dates |
| E | List of Current and Former Franchisees | J | Receipts (2 copies) |

By: _____
Prospective Franchisee

_____ _____
Printed Name Date Received

Street Address:_____ E-mail Address: _____
_____ Office Phone #:_____
_____ Mobile Phone #:_____

*(Please keep this copy.)*

## ITEM 23 • RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement (the Certification Agreement) and other information in plain language. Read this disclosure document and all agreements carefully.

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

If Pritikin ICR LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit C.

The franchisor is Pritikin ICR LLC, located at 7701 Forsyth Boulevard, Suite 600, Clayton, Missouri 63105 (tel 800-677-0257). The franchise sellers are Terry Rogers, our President, and Sam Fox, our CEO, both of whom can be reached at Pritikin ICR LLC's offices, 7701 Forsyth Boulevard, Suite 600, Clayton, Missouri 63105 (tel 800-677-0257). Any additional individual franchise sellers involved in offering the franchise are:

_____
_____.

The issuance date of this Franchise Disclosure Document is April 19, 2022. Pritikin ICR LLC authorizes the agents listed in Exhibit E to receive service of process for us.

I have received a Franchise Disclosure Document dated April 19, 2022, and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following exhibits:

| | | | |
|---|---|---|---|
| A | Certification Agreement (New York) and Related Exhibits | F | Table of Contents to Manuals |
| B | Pritikin ICR LLC's Financial Statements | G | New York Specific Disclosures |
| C | List of Administrators | H | New York Certification Agreement Amendment |
| D | Agents for Service of Process | I | State Effective Dates |
| E | List of Current and Former Franchisees | J | Receipts (2 copies) |

By: _____
Prospective Franchisee

_____ _____
Printed Name Date Received

Street Address:_____ E-mail Address: _____
_____ Office Phone #:_____
_____ Mobile Phone #:_____

*(Please complete, sign, and return this copy to us.)*