

## FRANCHISE DISCLOSURE DOCUMENT



**ARCpoint Franchise Group, LLC**  
A South Carolina Limited Liability Company  
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ARCpoint Labs businesses provide full-service lab screening and testing services and other related services to commercial businesses and consumers (“ARCpoint Labs Business”).

The total investment necessary to begin the operation of one ARCpoint Labs Business is \$198,800 to \$379,720. This includes \$95,500 which must be paid to the franchisor or its affiliates. If you enter into a Multi-Franchise Addendum, the total initial investment necessary to begin operation of two to five ARCpoint Labs Businesses is \$302,800 to \$607,220. This includes \$145,000 to \$268,500 which must be paid to the franchisor or its affiliates.

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 a payment 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 the Corporate Office by mail at 101 North Main Street, Suite 301, Greenville, South Carolina 29601 or by telephone at (864) 271-3210.

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

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

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

**ISSUANCE DATE:**  
**March 31, 2023, as amended April 26, 2023**

## **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**

**How much can I earn?**

**How much will I need to invest?**

**Does the franchisor have the financial ability to provide support to my business?**

**Is the franchise system stable, growing, or shrinking?**

**Will my business be the only ARCpoint Labs business in my area?**

**Does the franchisor have a troubled legal history?**

**What's it like to be an ARCpoint Labs franchisee?**

**What else should I know?**

### **WHERE TO FIND INFORMATION**

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 E.

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.

Item 21 or Exhibit B includes financial statements. Review these statements carefully.

Item 20 summarizes the recent history of the number of company-owned and franchised outlets.

Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.

Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.

Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.

These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation, arbitration, or litigation only in South Carolina. Out-of-state mediation, arbitration, and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, and litigate with us in South Carolina than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

**NOTICE REQUIRED BY THE  
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

To simplify the language in this Franchise Disclosure Document, “AFG,” “we,” “us” and “our” means ARCpoint Franchise Group, LLC, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from AFG.

**The Franchisor**

ARCpoint Franchise Group, LLC was organized as a South Carolina limited liability company on February 11, 2005. Our principal business address is 101 North Main Street, Suite 301, Greenville, South Carolina 29601. From July 2005 until January 2010, we offered franchises under the “AccuDiagnostics” name and mark that offered drug, alcohol, and paternity DNA testing. Since January 2010, we have only offered franchises under the “ARCpoint” name. During the initial response to the COVID-19 pandemic, we offered a temporary license program for mobile and drive-through testing for COVID-19, but we no longer offer this program.

As of December 31, 2022, there were approximately 126 franchised ARCpoint Lab Businesses in the United States. We do not operate any ARCpoint Labs Businesses.

If we have an agent for service of process in your state, we disclose that agent in Exhibit A.

**Parents and Certain Affiliates**

Our direct parent is ARCpoint Group LLC (“ARCpoint Group”), whose principal place of business is the same as ours. ARCpoint Group LLC’s direct parent is ARCpoint Inc., a Canadian corporation (“ARCpoint Inc.”), whose principal place of business is 333 Bay Street, Suite 635, Toronto, Ontario, M5H 2R2, Canada. Neither ARCpoint Group nor ARCpoint Inc. has directly operated a business of the type that you will operate, or has offered franchisees in any other line of business.

Neither of the affiliates listed below offer or have previously offered franchises in this or any other line of business, but they do operate businesses similar to the type that is offered in this Franchise Disclosure Document.

ARCpoint Corporate Labs, LLC (“ACL”), whose principal address is the same as ours, was incorporated in South Carolina on July 22, 2020. ACL operates multiple temporary COVID collections and/or testing sites in South Carolina under the “ARCpoint” name. Since 2022, ACL operates one business location at the principal location above that is similar to the type that is offered in this Franchise Disclosure Document. Additionally, ARCpoint Labs of Indy, LLC, a subsidiary of ACL, operates a business location in Indianapolis, Indiana that is similar to the type that is offered under this Franchise Disclosure Document.

Occupational Drug Screening, Inc. (“ODS”), whose principal business address is 355 Woodruff Road, Suite 403, Greenville, South Carolina 29607, was incorporated in South Carolina on March 30, 1998. ODS operates two business locations under the names “ARCpoint Labs of Greenville, South Carolina,” and “ARCpoint Labs of Anderson, South Carolina,” which are similar to the type that is offered in this Franchise Disclosure Document. ODS operated the business under the AccuDiagnostics mark from 1998 until January 2010, at which time it converted to the “ARCpoint” name. Additionally, subsidiaries of ODS operate two additional business locations similar to the type that is offered in this Franchise Disclosure Document: ODS Coastal, LLC operates a business located in Charleston, South Carolina and ODS of Midwest, LLC operates a business located in Cuyahoga Falls, Ohio.

## **Affiliates That Provide Services to Franchisees**

Neither of the affiliates listed below offer or have previously offered franchises in this or any other line of business, but they do provide products or services to ARCpoint Labs Businesses.

Applya Occupational Strategies LLC, formerly ARCpoint Occupational Solutions LLC (“Applya”), whose principal business address is 131 Falls Street, 3<sup>rd</sup> Floor, Greenville, South Carolina 29601, facilitates the servicing of national, regional, state accounts and/or other opportunities as a third-party administrator, both independently and in conjunction with our franchisees.

AFG Services, LLC (“AFG Services”), whose principal business address is the same as our address, provides clinical authority, administrative, customer service, software as a service, data management, bill facilitation, general purchasing and other services to our franchisees. AFG Services has never operated a business similar to an ARCpoint Labs Business.

## **The Franchise Business**

ARCpoint Labs Businesses offer a variety of healthcare and safety services to commercial businesses and direct to consumers, including: affordable, full-service testing, screening, and related services both on and off-site; drug, alcohol, DNA and clinical testing; background screens; occupational health and corporate wellness services including vaccines (COVID, flu, etc.) and physicals; regulatory compliance services (primarily directed toward businesses who fall under the Department of Transportation’s (“DOT”) rigid regulatory federal guidelines); and telehealth services, a subscription service that provides 24/7 access to a certified physician via telephone or other electronic device without a consultation fee.

We offer qualifying prospects the opportunity to sign a franchise agreement (the “Franchise Agreement”) to operate an ARCpoint Labs Business retail location at a site approved by us (“Approved Location”) and to provide additional products and services off-site to customers located within a certain non-exclusive geographic territory (“Territory”). As our franchisee, you will conduct business under the trademark “ARCpoint Labs” and any other identifying marks, trade names, service marks, logos or symbols that we now use, or that we later develop (“Marks”) and use our unique system for the establishment, development and operation of your ARCpoint Labs Business (“System”). The System is characterized by a number of features including unique and recognizable exterior and interior layout and content for the physical retail location; uniform requirements for display signs, equipment, color scheme; uniform systems of operation; our Confidential Operations Manual, which is made available electronically (the “Manual”); furnishings and materials; our software and computer programs; our selection of approved products and services that you may offer and sell; methods and techniques for regulatory compliance, safety, inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising; our customer service standards; any guidelines, standards, specifications, rules, procedures, policies, methods, requirements and directives we establish (“System Standards”) as set out in our Manual and otherwise in writing. The Manual includes the System Standards and confidential operations manual and any other items as may be provided, added to, changed, modified, or otherwise revised by us from time to time that contain or describe the standards, methods, procedures, and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda, and other publications prepared by, or on behalf of, us. We may change, improve, add to, and further develop the elements of the System from time to time.

This Franchise Disclosure Document refers to the testing, screening, and related products and services provided at your ARCpoint Labs Business brick and mortar retail location as the “Lab Operations” portion of your ARCpoint Labs Business. The Franchise Agreement also grants you the right to subcontract certain testing, screening, and related products by contracting with an approved online customer intake and

test scheduling platform that will allow your customers to schedule laboratory services at a variety of collection sites, including non-ARCpoint Labs Businesses (“Subcontracted Services”). You will also have the right under the Franchise Agreement to provide certain testing, screening, and related products and services on-site at customers’ or third parties’ businesses located within your Territory (“Onsite Services”). This Franchise Disclosure Document refers collectively to the Subcontracted Services and Onsite Services as the “Onsite/Online Operations” portion of your ARCpoint Labs Business.

In certain circumstances, we may, in our sole discretion, allow franchisees the right to provide certain moderate and high complexity laboratory services as part of their ARCpoint Labs Business, provided that franchisees are in compliance with their franchise agreement, our System Standards, and the laws that regulate moderate and high complexity laboratory services.

We, our affiliates, and our franchisees may solicit and negotiate national and regional agreements with commercial business customers that have locations spanning multiple Territories (each a “TPA Account”). You may establish and administer a TPA Account for a business customer with its headquarters or principal place of business within your Territory, and additional locations outside of your territory if the additional locations are owned and operated by the same parent company. You may also service TPA Accounts administered by us, our affiliates or other franchisees. (See Item 12 for more information about TPA Accounts).

We may, in our sole discretion, offer you the opportunity to purchase multiple Territories and enter into multiple franchise agreements (using the form of the Franchise Agreement attached as Exhibit C to this Disclosure Document) at the same time, which will be accompanied by a Multi-Franchise Addendum (the “MFA”) (the current form of which is attached as Schedule 9 to the Franchise Agreement). Currently, there is no maximum number of franchise agreements that may be signed in conjunction with an MFA. If you sign an MFA and fail to satisfy the development deadlines specified in such addendum, we will have the right to terminate any Franchise Agreements that you already signed for ARCpoint Lab Businesses that have not commenced Lab Operations at the time of the breach. If you do not sign an MFA, you will have no rights to develop or operate an ARCpoint Lab Business in more than one Territory unless you sign additional Franchise Agreements.

The form of the Franchise Agreement we currently offer (Exhibit C to this Disclosure Document) may have terms different from the various forms of agreement we have used in the past. We reserve the right to change the form and terms of the Franchise Agreement in the future.

## **Market and Competition**

ARCpoint Lab Businesses service the needs of commercial businesses and individuals. There are four target markets, or “pillars,” of ARCpoint Labs Businesses. The first pillar, **Business to Business**, targets manufacturing, transportation, and construction businesses for toxicology testing and background screenings. The second pillar, **Judicial**, targets attorneys practicing family and/or criminal law, drug courts, and parole/probation offices for toxicology and DNA testing.

Through the clinical program, your ARCpoint Labs Business adds to the first pillar, Business to Business, and can also target the third pillar, **Business to Physician**, which focuses on offering clinical testing to concierge practices, crowded medical practices, and alternative/holistic practices through our partnerships with clinical laboratories (“Clinical Program”). The fourth pillar, **Direct to Consumer**, targets patients with high deductible plans, concerned parents, and wellness-focused customers, offering both DNA, toxicology, and clinical testing services. Our unique, proprietary software will allow both physicians and consumers the opportunity to offer and take advantage of testing without insurance at affordable rates.

The market for the services offered by ARCpoint Labs Businesses is developed and competitive, though ever-changing. It is not seasonal. Technology and changes in legislation may directly affect the market. ARCpoint Labs Businesses compete with other businesses, including franchised operations, online retailers, national chains, and independently owned companies offering similar services. You may also compete with local facilities such as pharmacies and medical clinics.

### **Industry-Specific Laws**

You must comply with all local, state, and federal laws and regulations that apply to your ARCpoint Labs Business. Certain federal government agencies and many states have laws, rules, and regulations that may apply to the products and services you will offer through your ARCpoint Labs Business. Some states may require you to obtain a state certification before being allowed to administer “instant” drug screens or tests. Some states prohibit the use of “instant” drug screens.

You must comply with federal and state Clinical Lab Improvement Amendments regulations (“CLIA”), which are complex standards that laboratories must meet depending on whether they are providing low, medium, or high complexity lab services. The U.S. Food and Drug Administration establishes standards for CLIA categorization, including knowledge, training and experience, reagents and materials preparation, characteristics of operational steps, calibration, quality control, and proficiency testing materials, test system troubleshooting and equipment maintenance, and interpretation and judgment. You must operate your ARCpoint Labs Business in accordance with CLIA regulations, which will vary depending upon the complexity of testing that you provide. Some states may also require you to buy a special license, have a certain designation, or employ particular licensed or certified professionals, such as a phlebotomist, medical assistant, nurse, or physician before providing clinical testing services. For example, in California, phlebotomists are licensed by the California Department of Public Health, Laboratory Field Services. You may need to hire medical personnel to operate your ARCpoint Labs Business. You must comply with the regulations the DOT has established dealing directly with drug testing laboratories, such as what laboratories can be used, the validity of testing, how to process samples, and chain of command concerns. In addition, the DOT has specific sections regarding urine testing, alcohol testing, and testing sites. The DOT rules have been adopted by other industries.

In addition, you must comply with local, state, and federal patient and data privacy and protection laws and regulations, including without limitation the Health Insurance Portability and Accountability Act (“HIPAA”), which sets procedures and guidelines for maintaining the privacy and confidentiality of an individual’s medical records/tests. Your ARCpoint Labs Business will collect data related to your customers, including without limitation, information about the businesses to whom you sell laboratory services (“Customer Data”), some of which may contain personally identifiable information, such as names, addresses, and employee lists. You may also collect data about the individuals for whom you perform collection and testing, including medical information, such as test results (“Patient Data”). You must at all times comply with all federal, state, and local data privacy and security laws which may apply to your ARCpoint Labs Business and govern the use and protection of both Customer Data and Patient Data. You must ensure that all of your collection and retention methods comply with such laws. We have done no independent investigation or research into such requirements, and it is entirely your responsibility to ensure your own compliance with these laws. We own all Customer Data that you collect, as further outlined in Item 11; however, we do not own the Patient Data.

You must ensure that your credit card processing equipment is compliant with the most recent Payment Card Industry Data Security Standards (“PCI-DSS”).

The laws, rules, regulations, and ordinances that may apply to the operation of your ARCpoint Labs Business include those that: (a) require a permit, certificate, or other license; (b) establish general standards,

specifications, and requirements for the construction, design, and maintenance of your business site and premises; (c) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking and exposure to tobacco smoke or other carcinogens, availability of and requirements for public accommodations, including restroom facilities and public access; (d) set standards on employee health and safety; (e) set standards and requirements for fire safety and general emergency preparedness; and (f) regulate the proper use, storage, and disposal of waste or other hazardous materials. You must also obtain all necessary permits, licenses, and approvals to operate your ARCpoint Labs Business.

You are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your ARCpoint Labs Business, despite any advice or information that we may give you. You should consult with a legal professional about whether these and/or other requirements apply to your ARCpoint Labs Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

### **Incentive Referral Program**

From time to time, we utilize an incentive referral program (“Incentive Referral Program”) for our existing franchisees and their employees, to refer franchise prospects to us. Under these programs, we pay cash compensation of \$5,000 or provide other benefits and inducements for the referral of qualified franchise prospects. The compensation or benefit will not be paid unless the franchise prospect enters into a franchise agreement with us. The Incentive Referral Program may be altered, modified, suspended, or terminated at any time. This referral program is available in all states except the State of Washington.

## **ITEM 2 BUSINESS EXPERIENCE**

Unless otherwise indicated, the individuals listed below are based in Greenville, South Carolina.

### **Chairman of the Board: Felix Mirando**

Mr. Mirando is the founder of AFG and currently serves as the Chairman of the Board. From February 2005 to November 2018, he served as AFG’s Chief Executive Officer in Greenville, South Carolina. From November 2013 to November 2018, he also served as CEO of our affiliate, Applya, in Greenville, South Carolina. Since its incorporation in 1998, Mr. Mirando has been the CEO of our affiliate, ODS.

### **Chief Executive Officer: John Constantine**

Mr. Constantine has served as Chief Executive Officer of AFG since November 2018. Mr. Constantine has also served as Chief Executive Officer of ACL since July 2020 and of AFG Services since September 2020. From February 2017 to November 2018, he served as Chief Operating Officer for AFG. Since February 2016, has also been the Principal and Owner of John A. Constantine Consulting in Atlanta, Georgia.

President: Robert Mann

Mr. Mann has served as President since March 2023. From August 2012 to March 2023 he was the Executive Vice President of Cordant Health Solutions in Denver Colorado. Mr. Mann is based in Charlotte, North Carolina.

Chief Information Officer: Chris Hansen

Mr. Hansen has served as the Chief Information Officer of AFG since July of 2021. From June 2019 to July 2021, he was the Chief Information Officer for Gordon College. From January 2008 to the present, he has been the Owner of Cape Consulting. Mr. Hansen is based in the Greater Boston area of Massachusetts.

Chief Development Officer: Darin Hicks

Mr. Hicks has served as Chief Development Officer of AFG since May of 2021. From July of 2020 to April of 2021, he was the Chief Operating Officer of AFG. From April 2020 to June 2020, he was President of Crest Consulting in Salt Lake City, Utah. He previously served as the Chief Operating Officer of City Wide Franchise in Kansas City, Kansas from November 2015 to April 2020. Mr. Hicks is based in Salt Lake City, Utah.

Franchise Development Manager: Ashley Wells

Mrs. Wells has served as Franchise Development Manager since July 2021. From March 2020 until June 2021 she served as ARCpoint Franchise Development Coordinator. From August 2017 to March 2020 she specialized in Onboarding Resale locations for 9Round Franchising. Mrs. Wells is based in Simpsonville, South Carolina.

Director of Strategic Initiatives: Jamie Welch

Ms. Welch has been Director of Strategic Initiatives for AFG since October 2020. She served as AFG's Vice President of Franchise Development from December 2019 to October 2020. She served as AFG's Development Director from August 2019 to December 2019. She also served as AFG's Go to Market Manager for Screening Solutions from October 2018 to December 2019. Prior to that, Ms. Welch was the Business Development Director for PERQ in Indianapolis, Indiana from August 2016 to October 2018.

Chief Medical Officer: Jeffrey Harris

Dr. Harris joined AFG as Chief Medical Officer in January 2023. Dr. Harris is also the Chief Medical Officer and owner of Vertical Treatment Centers, a position he has held since May 2013. Dr. Harris is also the Medical Director and owner of Achieve MD, a position he has held since May 2013. Dr. Harris also previously served as the Medical Director and owner of American Family Care from 2016 through March 2023.

### **ITEM 3 LITIGATION**

**Current Actions:**

*ARCpoint Franchise Group, LLC et al. v. Sarita Sadhwani, et al.*, filed January 21, 2022 in the U.S. District Court for the District of South Carolina (Case No. 6:22-cv-00212-DCC). In this matter, ARCpoint Franchise Group, LLC and ARCpoint Holdings, LLC (collectively, "we" and "us") filed suit against Sarita

Sadhvani, Deepak Hingorani, and SSSD LLC (collectively, “Defendants”) claiming breach of the franchise agreement and owner’s agreement, federal service mark infringement, federal unfair competition and false designation of origin, common law unfair competition, and unfair trade practices under the South Carolina Unfair Trade Practices Act, against a terminated franchisee and its principals, alleging that the Defendants operated a competing business following termination of their franchise agreement, infringed our trademarks, and failed to pay amounts owed. We sought monetary damages in an amount to be determined, as well as injunctive relief, costs, and attorneys’ fees. The Defendants were served on March 9, 2022, but they failed to respond to the complaint. On October 28, 2022, the court entered an Order of Final Judgment and Permanent Injunction in our favor and against the Defendants (the “Final Order”), wherein it enjoined Defendants’ operation of their competing business and awarded us monetary relief in the amount of \$2,448,138.50. Defendants have moved to vacate the default and Final Order, and we have moved to have Defendants held in contempt and for sanctions, due to their failure to comply with the injunctive relief ordered in the Final Order. On March 21, 2023, the court denied the motion to vacate the default. As of the date of issuance, the remaining motions are pending.

### **Prior Actions:**

ARCpoint Franchise Group, LLC et al. v. Bradley Freitag, et al., filed January 19, 2022 in the U.S. District Court for the District of South Carolina (Case No. 6:22-cv-00177-DCC). In this matter, ARCpoint Franchise Group, LLC and ARCpoint Holdings, LLC (collectively, “we” and “us”) filed suit against Bradley Freitag and Wellness Labs and Services, LLC (collectively, “Defendants”) claiming breach of the franchise agreement and guaranty, breach of the non-compete agreement, federal service mark infringement, federal unfair competition and false designation of origin, common law unfair competition, and unfair trade practices under the South Carolina Unfair Trade Practices Act, against a terminated franchisee and its principal, alleging that the Defendants operated a competing business following termination of their franchise agreement, infringed our trademarks, and failed to pay amounts owed. We seek monetary damages in an amount to be determined, as well as injunctive relief, costs, and attorneys’ fees. The Defendants were served on February 10, 2022, but they failed to respond to the complaint. On October 28, 2022, the court entered an Order of Final Judgment and Permanent Injunction against the Defendants, wherein it enjoined Defendants’ operation of their competing business and awarded us monetary relief in the amount of \$1,159,999.87.

Evia Diagnostics, LLC v. ARCpoint Franchise Group, LLC, filed March 22, 2022 in the American Arbitration Association. In this matter, Evia Diagnostics, LLC, filed a Demand for Arbitration against ARCpoint Franchise Group, LLC, asserting claims for breach of contract, breach of the implied covenant of good faith and fair dealing, violation of the California Franchise Investment Law and the California Franchise Relations Act, negligent misrepresentation, intentional misrepresentation, unfair business practices, and negligence for an alleged failure to enforce the exclusivity clause in Evia Diagnostics, LLC’s franchise agreements. The Arbitration Demand did not include any supporting factual allegations. The Franchisee dismissed Arbitration Demand without prejudice the day after it was filed on March 23, 2022. A case number was never assigned.

ARCpoint Franchise Group, LLC et al. v. Cheryl N. Weston, et al., filed July 21, 2022 in the U.S. District Court for the District of South Carolina (Case No. 6:22-cv-02349-DCC). In this matter, ARCpoint Franchise Group, LLC and ARCpoint Holdings, LLC (collectively, “we” and “us”) filed suit against Cheryl N. Weston and Conelian Associates, Inc. (collectively, “Defendants”) claiming breach of the franchise agreement and owner’s agreement, federal service mark infringement, federal unfair competition and false designation of origin, common law unfair competition, and unfair trade practices under the South Carolina Unfair Trade Practices Act, against a terminated franchisee and its principal, alleging that the Defendants operated a competing business following termination of their franchise agreement, infringed our trademarks, and failed to pay amounts owed. We sought monetary damages in an amount to be determined

as well as injunctive relief, costs, and attorneys' fees. On November 10, 2022, Defendants filed their Answer generally denying our claims to relief. The parties entered into a settlement agreement on December 4, 2022, whereby Defendants agreed to enter into a consent order and permanent injunction and to pay \$10,000 in damages to us. The court entered the parties' consent order and permanent injunction on December 8, 2022. This civil action was terminated by the Court on December 8, 2022.

NEB LLC v. ARCpoint Franchise Group, LLC filed September 16, 2021 in the Court of Common Pleas, Thirteenth Judicial Circuit for the State of South Carolina, County of Greenville, C. A. No. 2021-CP-2304478. In this matter, franchisee NEB LLC brought claims against us for injunction, declaratory judgment, breach of contract and specific performance, claiming that the franchisee should not have to sign a general release in connection with a renewal franchise agreement that reduced the franchisee's territory, and that the franchisee should be permitted to renew the franchise agreement with the same territories. Four days later, the Court granted the franchisee temporary restraining order ("TRO") prohibiting us from requiring the franchisee to sign a release as a condition of renewal for a period of 10 days. We were never served with the lawsuit and had no notice of the lawsuit or the TRO until June 2022. On July 11, 2022, the franchisee filed a Stipulation to Strike from Docket, resulting in the dismissal of the franchisee's lawsuit.

ARCpoint Franchise Group, LLC et al. v. Jonathan Lewis, et al., filed December 16, 2020 in the U.S. District Court for the District of South Carolina (Case No. 4:20-cv-04361-SAL). In this matter, ARCpoint Franchise Group, LLC and ARCpoint Holdings, LLC (collectively, "we" and "us") filed suit against Jonathan Lewis, Florence ODS, Inc., and Myrtle Beach ODS, Inc. (collectively, "Defendants") claiming breach of a settlement agreement, federal service mark infringement, federal unfair competition and false designation of origin, common law unfair competition, and violation of the South Carolina Unfair Trade Practices Act against former franchisees and their principal, alleging that the Defendants were making unauthorized use of our trademarks in violation of federal and state law and in violation of a settlement agreement the Defendants had entered into with us relating to the termination of their franchise agreement. We sought monetary damages in an amount to be determined as well as injunctive relief, costs, and attorneys' fees. On January 29, 2021, the Defendants filed their Answer generally denying our claims to relief. The parties entered into a settlement agreement on June 24, 2021, whereby Defendants agreed to enter into a consent order and permanent injunction and to pay \$17,000 in damages to us, and we agreed to forbear on \$50,000 in additional damages provided Defendants comply with the permanent injunction. The court entered the parties' consent order and permanent injunction on July 1, 2021, and the parties filed a stipulation of dismissal on September 10, 2021.

ARCpoint Franchise Group, LLC et al. v. Bob Tullberg et al., filed August 23, 2019 in the U.S. District Court for the Eastern District of Tennessee (Case No. 1:19-cv-00242). In this matter, ARCpoint Franchise Group, LLC and ARCpoint Holdings, LLC (collectively, "we," "us," and "our") filed suit ("Civil Action") against Bob Tullberg and Med Testing Services, Inc. (collectively, "Defendants") claiming Breach of the franchise agreement, Breach of the Non-Compete Agreement, Federal Service Mark Infringement, Federal Unfair Competition and False Designation of Origin, Unfair or Deceptive Acts or Practices under the Tennessee Consumer Protective Act of 1977, Common Law Unfair Competition, and Preliminary and Permanent Injunction, against a former franchisee and its principal, alleging that the Defendants operated a competing business both during the franchise term and after, infringed our trademarks, and failed to pay amounts owed. We seek monetary damages in an amount to be determined, as well as injunctive relief, costs, and attorneys' fees. On September 27, 2019, the defendants filed their Answer to the Complaint, generally denying our claims to relief.

On November 19, 2019, the franchisee's principal, Defendant Bob Tullberg, filed a Chapter 13 Petition for Bankruptcy in the U.S. Bankruptcy Court for the Eastern District of Tennessee (Case No. 19-14885). The Civil Action has been stayed pending the adjudication of Defendant Tullberg's bankruptcy, which was dismissed and closed on November 29, 2022 without a discharge.



Other than these actions, 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**

##### **Initial Franchise Fee**

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$54,500 when you sign the Franchise Agreement. Of the Initial Franchise Fee, \$27,250 is attributable to the services, benefits, and rights you receive in connection with your Onsite/Online Operations, and \$27,250 is attributable to the services, benefits, and rights you receive in connection with your Lab Operations.

We reserve the right to reduce the Initial Franchise Fee under certain circumstances, including: (i) as an economic incentive for a franchisee to open a certain location, with the determination made on a case by case review of all relevant economic factors, (ii) as an inducement for existing franchisees to open additional ARCpoint Labs Businesses, (iii) as an inducement for someone to reopen a closed ARCpoint Labs Business, (iv) as an inducement for someone to take over operating an ARCpoint Labs Business, or (v) as an inducement for a professional multi-unit operator to open several ARCpoint Labs Businesses. The amount of any reduction will be made on an individual basis and may depend on the condition of the premises, the need for upgrades and remodeling, any special circumstances that we consider appropriate, and/or other considerations. The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement.

In 2022, we collected Initial Franchise Fees ranging from \$0 to \$54,500.

##### **Initial Technology Fee**

You must pay us a one-time initial technology fee (“Initial Technology Fee”) of \$3,500 when you sign the Franchise Agreement. This fee is utilized for the initial set-up of technology systems for your ARCpoint Labs Business, including but not limited to, the intranet portal, e-mail system, and ongoing research, development, and improvement of technology for the System. This fee is non-refundable and not uniformly imposed.

##### **Clinical Program**

You must pay us a one-time Clinical Program fee of \$2,500 (“Clinical Program Fee”) when you sign the Franchise Agreement. The Clinical Program Fee covers training and ongoing review and approval of clinical lab program additions, including without limitation onsite visits to review the CLIA upgrades performed. This fee is non-refundable and is not uniformly imposed.

##### **Initial Training Fee**

You must pay us a one-time initial training fee (“Initial Training Fee”) of \$18,500 when you sign the Franchise Agreement. This fee covers the cost of training for all Required Trainees. This fee is non-refundable and is not uniformly imposed.

### **New Owner Support Fee**

You must pay us a one-time new owner support fee of \$13,500 (“New Owner Support Fee”) when you sign the Franchise Agreement, which covers the cost of our new owner support program. You will be provided support from our Onboarding team throughout your startup period and will later be assigned to a Franchise Business Consultant (FBC) who will coach you through your tenure as an ARCpoint Labs Business.

In addition the fee also covers various costs of your initial advertising and marketing. This fee is non-refundable and is not uniformly imposed.

### **Sales Training Fee**

You must pay us a one-time sales training fee (“Sales Training Fee”) of \$3,000 when you sign the Franchise Agreement. This fee covers the cost of providing sales training for all Required Trainees. This fee is non-refundable and is not uniformly imposed.

### **MFA**

If you sign two or more Franchise Agreements at the same time as an MFA to develop a set number of ARCpoint Labs Businesses, you will only pay the Initial Technology Fee, the Clinical Program Fee, the Initial Training Fee and the New Owner Support Fee for the first ARCpoint Labs Business that you develop. For the first ARCpoint Labs Business you develop pursuant to an MFA, the Initial Franchise Fee is \$54,500. For each subsequent ARCpoint Labs Business developed pursuant to an MFA, up to the fourth business, the Initial Franchise Fee is discounted by \$5,000 from the Initial Franchise Fee you paid for the previous ARCpoint Labs Business. For example, if you sign five franchise agreements in conjunction with an MFA, you will pay an Initial Franchise Fee of (i) \$54,500 for the first business, (ii) \$49,500 for the second business, (iii) \$44,500 for the third business, (iv) \$39,500 for the fourth business and (v) \$39,500 for the fifth business. The initial fees are deemed fully earned by us once paid and we will not refund you any part of the initial fees, including if you fail to develop any ARCpoint Labs Businesses by the deadlines set forth in the MFA or if any Franchise Agreement(s) subject to the MFA are terminated.

### **Veterans’ Initiative Program**

We offer a veterans’ initiative program. Under this program, honorably discharged veterans of the United States Armed Forces and their spouses receive up to a \$5,000 discount on the Initial Training Fee.

## **ITEM 6 OTHER FEES**

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Certified Professional Collector Training Fee	Currently \$199 per person attending such training	Time of Training	If you require additional training or training for more than the Required Trainees.
DOT BAT Training Fee	Currently \$199 per person attending such training	Time of Training	If you require additional DOT BAT Training, or training for more than the Required Trainees.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty	The greater of 7% (“ <u>Royalty</u> ”) of preceding monthly Gross Sales or \$350 per month (“ <u>Minimum Royalty</u> ”)	Due by the 10 <sup>th</sup> of each month	<p>The “<u>Royalty</u>” is based on Gross Sales during the previous month<sup>(2)</sup>. You will begin paying Royalties to us as soon as you begin generating Gross Sales from Onsite/Online or Lab Operations. Beginning on the earlier of the date you commence your Lab Operations or the deadline for commencing your Lab Operations per the Franchise Agreement, you shall pay us the greater of the Royalty or the Minimum Royalty monthly. Your Royalty is an ongoing payment that provides you the use of our System, Marks and our support and assistance.</p> <p>The Minimum Royalty is not meant to be an earnings claim for your ARCpoint Labs Business(es).</p>
Brand Fund Contribution	The greater of 2% of your monthly Gross Sales (“ <u>Brand Fund Contribution</u> ”) or \$100 per month (“ <u>Minimum Brand Fund Contribution</u> ”)	Due by the 10 <sup>th</sup> of each month	<p>This contribution will be used for a system-wide “<u>Brand Fund</u>” for our use in promoting and building the national ARCpoint Labs brand. You will begin making your Brand Fund Contribution as soon as you begin generating Gross Sales from Onsite/Online or Lab Operations. Beginning on the earlier of the date you commence your Lab Operations or the deadline for commencing your Lab Operations per the Franchise Agreement, you shall pay us the greater of the Brand Fund Contribution or the Minimum Brand Fund Contribution monthly.</p>

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Monthly Technology Fee	Currently, \$300 per month from date of signing Franchise Agreement until you open your Lab Operations location and \$450 per month thereafter, per ARCpoint Labs Business	Due by the 10 <sup>th</sup> of each month	This fee covers licensing fees for various technology platforms and ongoing staff support and maintenance of technology systems (refer to Initial Technology Fee in Item 5). We reserve the right to upgrade, modify, and add new software. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you. We also reserve the right to create proprietary software and technology that must be used by franchisees, in which case, we may require that you enter into a license agreement with us and pay us a reasonable initial and ongoing licensing, support and maintenance fees. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software. This fee may increase at our sole discretion and in amount determined by us in our sole discretion. FA Sec. 3.6.2.
Annual HIPAA Compliance Fee	\$950 per year	Billed annually as incurred.	This fee covers cost of cloud-based all-in-one medical compliance software solution that helps simplify HIPAA compliance by helping you achieve, illustrate, and maintain compliance for Covered Entities (as defined under HIPAA) with the full extent of federal HIPAA regulation in a compliance management system.
Annual OSHA Compliance Fee	\$250 per year	Billed annually as incurred.	This fee covers cost of cloud-based compliance solution to manage OSHA and safety requirements in your ARCpoint Lab Business.
Late Fee, Returned Check, or Insufficient Funds Fee	\$100 per occurrence, with late payments bearing interest at 18% per annum or the highest rate allowed by law	As incurred	Payable if any check, electronic payment is late or not successful due to insufficient funds, stop payment, or any similar event.
Surcharge Fee	Up to 4% of total charge	As incurred	If payment is made to us by credit card for any fee required, we may charge a surcharge fee of up to 4% of the total charge, except where prohibited by law.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Collection Costs	Cost of collection	As incurred	Payable for all costs incurred by us in the collection of any unpaid and past due Royalties, Brand Fund Contributions, or any other amounts due to us, including reasonable accounting and legal fees.
Failure to Submit Required Report Fee	\$100 per month. This shall continue to accrue monthly until cured	As incurred	Payable if you fail to submit any required Gross Sales report or financial statement when due. The fee shall accrue monthly until you submit the required report. Gross Sales Report is due on the 10 <sup>th</sup> of each month. Should the 10 <sup>th</sup> be a weekend, then submissions should be done on the following business day.
Operational and/or Financial Review	Costs and expenses connected with inspection, including travel expenses and reasonable accounting and attorney's fees	As incurred	Payable if an audit or any other inspection should disclose an underpayment of three percent (3%) or more of the amount due for any period covered by such audit.
Non-Compliance Fee	Up to \$250 per day	As incurred	Payable if you are in default beyond any applicable cure period.
Renewal Fee	\$5,000	At the time you sign a successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Relocation Fee	Up to \$2,500	At the time of relocation	If we allow you to relocate your ARCpoint Labs Business, you may be required to pay us a relocation fee, which we shall charge in our sole discretion in consideration of factors such as the reasons the relocation is necessary and your compliance with the Franchise Agreement and the System.
General Guidance Fee	Reasonable costs	As incurred	We retain the right to charge a fee to offer general guidance if we determine that you are utilizing our guidance services too frequently or in an unintended manner.
Additional Training	Then-current fees plus costs and expenses we incur	As incurred	Should Franchisee request additional training or onsite assistance, and Franchisor deems it necessary.
Cancellation Fee	Actual Cost	As Incurred	If you unilaterally cancel or re-schedule your training visit, you will be billed any direct costs and expenses incurred by us at the point of your cancellation.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Franchise Meetings	Currently, \$450 per person.	As incurred	Payable to help defray costs of semi-annual meetings, conventions, or seminars, regardless of whether you attend.
Employee Training	Then-current fees plus costs and expenses we incur	As incurred	All employees must be trained by our certified trainers, and if we provide any such training, you shall pay our then-current fees for such training, as well as any costs and expenses we incur in connection with the training.
Local Advertising Requirement Compliance Fee	The difference between the amount you spent on local advertising each year and your required local advertising expenditure (\$6,000 in first 3 months after commencing Lab Operations; \$9,000 in next 9 months, for a total of \$15,000 for the first 12 months; the greater of 3% of your Gross Sales per twelve month period, or \$9,000 per 12 months thereafter)	Payable after receipt of invoice	If you fail to meet your required local advertising requirement, we reserve the right to request payment to us for the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund.
Unauthorized Advertising Fee	\$500 per occurrence	As incurred	This fee is payable into the Brand Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Supplier and Product Evaluation Fee	Costs of evaluation (estimated to be approximately \$500 to \$1,000)	As incurred	Payable if we evaluate a new product, service, or proposed supplier nominated by you to be added as an approved vendor.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint, which varies but will typically be between \$20 and \$100	On invoice	Payable if a customer of your ARCpoint Labs Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.
Onsite Clinical Audit	Cost of audit and inspection (currently \$600 per day, plus costs and expenses)	As incurred	Payable if conditions necessitate a review to be performed, to include reasonable suspicion that violations of your Franchise Agreement(s) or any federal or state law and/or regulations are occurring or have occurred.
Insurance	You must reimburse our costs plus a 20% administrative fee	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost for obtaining the insurance.
Management Fee	\$250 per day, plus costs and expenses	As incurred	Payable if we manage your ARCpoint Labs Business because you are in default of the Franchise Agreement or following your death or incapacity.
Fees in the event of termination due to default of Franchisee	Damages, costs, expenses, reasonable attorneys' fees, unpaid Royalties, Liquidated Damages	As incurred	<p>In the event of termination for any default of you, such sums shall include, but shall not be limited to, all damages, costs, and expenses, including reasonable attorneys' fees with respect to litigation, appellate or bankruptcy proceedings, unpaid Royalties, Liquidated Damages and any other amounts due to us or our affiliates.</p> <p>Liquidated Damages are an amount equal to the average Royalty owed by you (even if not paid) per month over the 12 month period preceding the date of termination (or if the ARCpoint Labs Business has not been operating throughout such 12 month period, then the average Royalty per month for the period of time in which the ARCpoint Labs Business was operating), multiplied by the lesser of (i) 24, or (ii) the number of months remaining in the term of the Franchise Agreement.</p>

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Injunctive or Other Relief Fee	Costs and expenses, including reasonable attorneys' fees	As incurred	All costs and expenses, including reasonable attorneys' fees, incurred by us in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.
Transfer Fee <sup>(3)</sup>	\$500-\$20,000	For transfers to third-parties, \$1,000 of the Transfer Fee shall be due as a non-refundable deposit at the time of transfer application submittal, and the remaining balance of the fee at the time of approved transfer. For all other transfers, the transfer fee shall be due at the time of the approved transfer.	Payable only in connection with the transfer of your ARCpoint Labs Business, a transfer of ownership of your legal entity, or the Franchise Agreement.
Broker or Other Placement Fees	Reimbursement of the actual costs of the brokerage commissions, finder's fees, or similar charges	As incurred	Payable only in connection with the transfer to a purchaser that was referred through a broker.
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your ARCpoint Labs Business.
Cost of Enforcement	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.

Notes:

1. Fees. Unless otherwise noted, all fees paid to us are uniform and not refundable. Unless otherwise noted, all fees are payable to and imposed and collected by us. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. You must pay fees and other amounts due to us via electronic funds transfer ("EFT") or other similar means. You must complete the EFT



authorization in the form attached to your Franchise Agreement. We can require an alternative payment method or payment frequency for any fees or amounts owed to us under the Franchise Agreement. If you purchase more than one franchise or operate multiple ARCpoint Labs Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each ARCpoint Labs Business. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Gross Sales. The term “Gross Sales” means the total selling price of all products and services sold at, from, or through your ARCpoint Labs Business, whether or not sold or performed at or from your Onsite/Online Operations or your Lab Operations, including the full redemption value of any gift certificate or coupon sold for use at the ARCpoint Labs Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and all income of every other kind and nature related to the ARCpoint Labs Business operation, whether for cash or credit and regardless of a collection in the case of credit. If you operate more than one ARCpoint Labs Business, the amount of Gross Sales shall be determined on an independent basis for each ARCpoint Labs Business in determining whether a Minimum Royalty is due.

3. Transfer Fee. The transfer fee amount is based on the type of transfer requested and will each be subject to the conditions under the applicable Franchise Agreement. For a transfer that does not result in a change in ownership, such as to a new corporate structure the transfer fee is \$500. For any transfer to an immediate family member, there will also be a transfer fee for \$500. For a transfer of an ARCpoint Labs Business to a third-party that is an existing ARCpoint Labs franchisee, the transfer fee is \$5,000. For a transfer of an ARCpoint Labs Business to a third-party that is not an existing ARCpoint Labs franchisee, the transfer fee is \$20,000.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT: SINGLE ARCPOINT LABS BUSINESS

Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$54,500	\$54,500	Lump Sum	Upon Signing Franchise Agreement	Us
Initial Training Fee <sup>(1)</sup>	\$18,500	\$18,500	Lump Sum	Upon Signing Franchise Agreement	Us
New Owner Support Fee <sup>(1)</sup>	\$13,500	\$13,500	Lump Sum	Upon Signing Franchise Agreement	Us
Initial Technology Fee <sup>(1)</sup>	\$3,500	\$3,500	Lump Sum	Upon Signing Franchise Agreement	Us
Clinical Program Fee <sup>(1)</sup> & <sup>(2)</sup>	\$2,500	\$2,500	Lump Sum	Upon Signing Franchise Agreement	Us
Sales Training Fee <sup>(3)</sup>	\$3,000	\$3,000	Lump Sum	Upon Signing Franchise Agreement	Us
Training Expenses <sup>(4)</sup>	\$0	\$5,425	As Incurred	As Incurred	Third Parties

Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Insurance <sup>(5)</sup>	\$4,500	\$24,495	As Agreed	As Incurred	Third Parties
Professional Fees	\$4,500	\$9,000	As Incurred	As Incurred	Third Parties
Computer Hardware & Software	\$2,550	\$9,800	As Agreed	As Incurred	Third Parties
Site Selection Assistance <sup>(6)</sup>	\$0	\$2,500	As Incurred	Upon Receipt of Invoice	Third Parties
Leasehold Improvements <sup>(7)</sup>	\$20,000	\$80,000	As Agreed	As Incurred	Third Parties
Testing Equipment <sup>(8)</sup>	\$3,600	\$30,000	As Agreed	As Incurred	Us or Third Parties
Signage	\$2,000	\$7,000	As Agreed	Before Beginning Lab Operations	Third Parties
Furniture, Fixtures & Equipment <sup>(9)</sup>	\$500	\$8,000	As Agreed	As Incurred	Third Parties
Office Equipment & Supplies	\$500	\$8,000	As Agreed	Before Beginning Lab Operations	Third Parties
Initial Inventory <sup>(10)</sup>	\$10,750	\$22,500	As Agreed	Before Opening	Third Parties
Business Licenses & Permits	\$100	\$2,000	As Incurred	Before Beginning Lab Operations	Third Parties
Dues, Subscriptions, and Memberships <sup>(11)</sup>	\$300	\$3,500	As Incurred	As Incurred	Third Parties
Additional Funds – 6 Months <sup>(12)</sup>	\$54,000	\$72,000	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT <sup>(13)</sup>	\$198,800	\$379,720			

Notes:

The above are estimates of a franchisee's total initial investment in one ARCpoint Lab Business, including both Onsite/Online Operations and Lab Operations. The above chart does not include estimates for conducting moderate and high complexity testing at your ARCpoint Labs Business, which is an optional additional service you may choose to add to your ARCpoint Labs Business with our consent. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable, depending on their policies or your arrangements with them. In some states and locations, you may need to hire medical personnel to operate your ARCpoint Labs Business. Costs associated with such medical personnel are not included in these estimates. You should consult with a legal advisor about whether these requirements apply to your

ARCpoint Labs Business. In certain circumstances, you may be required to travel to customer's locations in a vehicle that contains removable signage. We do not require any certain type of vehicle for this use. If you do not own a vehicle, you may be required to buy, lease, or rent one. These costs are not included in the above table.

1. Initial Franchise Fee. Of the Initial Franchise Fee, \$27,250 is attributable to the services, benefits, and rights you receive in connection with your Onsite/Online Operations, and \$27,250 is attributable to the services, benefits, and rights you receive in connection with Lab Operations. Under limited circumstances, we may waive the Initial Franchise Fee, Initial Training Fee, New Owner Support Fee, Initial Technology Fee and Clinical Program Fee. We normally do not provide financing of these initial fees. However, in select cases, from time to time, we offer short term financing upon execution of the Franchise Agreement until you receive other third-party financing (See Item 10 for additional information on financing).
2. Clinical Program Fee. The Clinical Program Fee covers training and ongoing review and approval of clinical lab program additions, including onsite visits to review the CLIA upgrades performed. Under limited circumstances, we may waive this fee.
3. Sales Training Fee. The Sales Training Fee covers the cost of providing sales training for all Required Trainees. This fee is non-refundable and is not uniformly imposed.
4. Training Expenses. You will be responsible for transportation, food, and lodging expenses while attending training in Greenville, South Carolina. The total cost will vary depending on the number of people attending, how far you travel, and the type of accommodations you choose. Under limited circumstances, we may waive this fee.
5. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require in your Franchise Agreement, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of an ARCpoint Labs Business, your rates may be significantly higher than those estimated above. The estimate contemplates insurance costs for six months.
6. Site Selection Assistance. We make available to you a real estate site selection vendor, at no cost to you. We do not require that you utilize this particular service through the vendor unless you do not have an accepted location within 90 days of entering into the Franchise Agreement with us. Should you choose to elect a local broker within your market, all additional associated fees will be at your expense. You then must submit to us a written request for an extension. We also recommend a legal review of the proposed lease, which may or may not be covered by the attorneys' fees estimate in the above chart. A Site Selection Guide will be provided to you, which covers all details related to the proper location of your ARCpoint Labs Business, as well as buildout assistance.
7. Leasehold Improvements. These amounts are our best estimate of the range of costs of leasehold improvements based on our experience and our affiliates' experience in constructing ARCpoint Labs Businesses, and will likely vary substantially based on local conditions, including the availability and pricing of labor and materials. They do not include capitalized costs of rent or other occupancy costs over either the life of the lease or the life of your investment. This estimate contemplates that your landlord will contribute all or part of your tenant improvement expenses. If your landlord does not contribute to your improvements, the cost will be higher than the range provided in the table above.

8. Testing Equipment. You will be required to purchase various testing equipment, including, without limitation, a Breath Alcohol Testing Instrument. All testing equipment must be purchased from our Approved Supplier. However, we may be an Approved Supplier for some of the testing equipment, in which case you will be eligible to purchase such equipment through us at the discounted price we have negotiated. If you purchase it from another Approved Supplier directly the cost could be higher.
9. Furniture & Fixtures. You will be required to purchase (or lease) furniture for the office area and reception area, and other fixtures and equipment necessary for providing the services offered by your ARCpoint Labs Business. Although some of these items may be leased, the range shown represents the actual purchase price. The cost of the furniture, fixtures, and equipment will vary according to local market conditions, the size and location of the facility, suppliers, and other related factors.
10. Inventory. You must purchase various initial inventory, including, without limitation, certain test kits and personal protective equipment. All initial inventory must be purchased from our Approved Suppliers. We may be an Approved Supplier for some of the initial inventory, in which case you will be eligible to purchase such inventory through us at the discounted price we have negotiated. If you purchase it from another Approved Supplier directly the cost could be higher.
11. Dues and Subscriptions. You, your Designated Manager, or, if you are an entity, your Managing Owner, must become members of the Drug and Alcohol Testing Industry Association (“DATIA”) or the National Drug & Alcohol Screening Association (“NDASA”) for at least the first year you operate your ARCpoint Labs Business. We also strongly recommend joining your local Chamber of Commerce, the Society for Human Resource Management, and/or other local business networking organizations. These expenses are typically not refundable.
12. Additional Funds. This number represents an estimate of your additional initial start-up expenses for the first 6 months of your Lab Operations. These expenses include rent and lease deposits, payroll costs, and other operating costs but not any draw or salary for you. We estimate these expenses to be \$9,000 to \$12,000 per month once you begin your Lab Operations. We estimate that most, if not all, of these expenses will not be incurred until after you begin your Lab Operations. You may at that time have an income stream to help offset some of these costs for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business.
13. Figures May Vary. This is an estimate of your initial startup expenses for one ARCpoint Labs Business. We have relied on the experience of our officers, our affiliates, and our franchisees to arrive at these estimates. You should review these figures carefully with a business advisor before deciding to acquire an ARCpoint Labs Business.

**YOUR ESTIMATED INITIAL INVESTMENT: MULTIPLE ARCPPOINT LABS  
BUSINESSES UNDER A MULTI-FRANCHISE ADDENDUM**

Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Total Estimated Initial Investment for one ARCpoint Labs Business (See Item 5 above). <sup>1</sup>	\$198,800	\$379,720			
Initial Franchise Fee for 2-5 ARCpoint Labs Businesses <sup>(1)</sup>	\$104,000	\$227,500	Lump Sum	Upon Signing Franchise Agreement	Us
TOTAL ESTIMATED INITIAL INVESTMENT for 2-5 ARCpoint Labs Businesses (Excluding any costs associated with developing individual ARCpoint Labs Businesses for units 2-5) <sup>(2)</sup>	\$302,800	\$607,220			

Notes:

1. See Item 5 for a description of the Initial Franchise Fee. Upon signing the MFA, you will be required to sign Franchise Agreements for the number of ARCpoint Labs businesses that you commit to develop and to pay the Initial Franchise Fee for each committed ARCpoint Lab Business in a lump sum. This estimate assumes that you will commit to develop between two and five ARCpoint Labs Businesses. For your first franchise agreement, the initial franchise fee is \$54,500. For your second franchise agreement, the initial franchise fee is \$49,500. For your third franchise agreement, the initial franchise fee is \$44,500. For your fourth and subsequent franchise agreement, the initial franchise fee is \$39,500. If you sign two or more Franchise Agreements at the same time as an MFA to develop a set number of ARCpoint Labs Businesses, you will only pay one Initial Technology Fee, one Clinical Program Fee, one Initial Training Fee and one New Owner Support Fee.
2. If you commit to develop more ARCpoint Labs Businesses, the total Initial Franchise Fee will increase by \$39,500 per ARCpoint Labs Business. Of the Initial Franchise Fee, half is attributable to the services, benefits, and rights you receive in connection with your Onsite/Online Operations, and half is attributable to the services, benefits, and rights you receive in connection with Lab Operations. Under limited circumstances, we may waive Initial Franchise Fees. The Initial Franchise Fees are non-refundable.
3. We normally do not provide financing of initial fees. However, in select cases, from time to time, we offer short term financing upon execution of the Franchise Agreement until you receive other third-party financing (See Item 10 for additional information on financing). For each ARCpoint Labs Business that you develop pursuant to a MFA, you will execute a Franchise Agreement and

incur the initial investment expenses for the development of a single ARCpoint Labs Business described in the previous table in this Item 7 (excluding the Initial Franchise Fee, which is already covered in Note 1 as well as the Initial Technology Fee, the Clinical Program Fee, the Initial Training Fee, the New Owner Support Fee and the Sales Training Fee, which are only due for your first ARCpoint Labs Business), which are \$103,300 to \$284,220.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS**

#### **The Goods or Services Required to be Purchased or Leased**

You must purchase certain goods and services only from the suppliers we designate or approve (“Approved Suppliers”). Currently, those goods and services include the following:

##### *Advertising and Marketing*

You must either use pre-approved advertising templates we provide or purchase advertising and marketing services and/or products from an Approved Supplier. You must purchase business cards, marketing material, stationery, online marketing (website management), pay per click (“PPC”), Ad campaigns, Google Ad Words campaign, social media management, organic search engine optimization, sales promotional start-up package, sales leads, target marketing list, grand opening package, lab start-up package, public relation marketing, and ongoing Search Engine Optimization (“SEO”) solely from our Approved Suppliers.

##### *Site Selection and Buildout*

We must approve the location of your ARCpoint Labs Business and you must build out the premises pursuant to our specifications. We make available to you a real estate site selection vendor, at no cost to you. We do not require that you utilize this particular service through the vendor unless you do not have an accepted location within 90 days of entering into the Franchise Agreement with us.

##### *Computer Hardware and Software*

You must purchase, lease, or use computer software and hardware, as further described in Item 11, pursuant to our specifications and from our designated Approved Suppliers.

##### *DATIA, NDASA, and Networking Organizations*

Additionally, you, your Designated Manager, or, if you are an entity, your Managing Owner, must become members of DATIA or the National Drug & Alcohol Screening Association (“NDASA”) during the first year after the signing of your Franchise Agreement. We recommend that you continue your DATIA or NDASA membership and attend the DATIA or NDASA conference annually thereafter. You are responsible for the costs of the conference, including, but not limited to, lodging, transportation, food, salary, and any course materials. We also strongly recommend you join your local Chamber of Commerce, and any other local business networking organizations that we specify.

##### *Furniture, Fixtures, Equipment, Supplies and Software*

You must purchase furniture, fixtures, equipment, supplies, and software, such as breath alcohol machines, alcohol monitoring equipment, screening kits, drug testing software, clinical testing software, scheduling software, and other management software tools, and testing supplies from us or our Approved

Suppliers. Prior to opening and upon request, you must submit a video walk through of your location to ensure compliance with System Standards.

### *Insurance*

You must purchase insurance in the amounts and types of insurance coverage we require. Currently, we require you to purchase seven main types of insurance. They include: (i) Special Cause of Loss property insurance on all assets used in the operation of the ARCpoint Labs Business in the amount necessary to replace the ARCpoint Labs Business; (ii) Workers' compensation insurance in the amount necessary to comply with your state's laws; (iii) Employer liability coverage of at least \$100,000 (the cost of this insurance may be higher if required by your state's laws); (iv) Commercial general liability insurance in the amount of at least \$1,000,000 per occurrence and an annual policy aggregate of \$2,000,000 (the cost of this insurance may be higher if required by your state's laws); (v) Automobile liability insurance for owned or hired vehicles with a combined single limit of at least \$1,000,000 (the cost of this insurance may be higher if required by your state's laws); (vi) Errors and omissions insurance in the amount of at least \$1,000,000 per occurrence (the cost of this insurance may be higher if required by your state's laws); and (vii) Master cyber liability insurance in the amount of at least \$1,000,000 per occurrence.

The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your ARCpoint Labs Business's operation or activities of your personnel in the course of their employment. You must also require physicians and/or other health care providers, that provide services to your ARCpoint Labs Business, and who are required by law to carry medical malpractice insurance, to provide you with written documentation of their current medical malpractice insurance coverage. The insurance company must be authorized to do business in the state where your ARCpoint Labs Business is located and be rated "A+" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies, except for worker's compensation, must name us as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns.

### *Medical Review Officer Services*

You must hire a doctor to review the services provided pursuant to your Clinical Program only from our Approved Suppliers. "Review" means assessing all results before they are returned to the patient/client and electronically or physically signing each result, at an absolute minimum.

### *Telemedicine/Augmented Medicine*

You may purchase virtual medical services using diagnostic tools and procedures performed by a telepresenter, under the direct supervision of a distant provider ("Telemedicine/Augmented Medicine Services"), including DOT physicals, other clearance physicals, and virtual doctors' visits of other types from our designated Approved Supplier.

### *Third Party Administration of Program Management*

You must use either our approved software or an Approved Supplier for third-party administration of program management services, including transmission of protected health information ("PHI") and personally identifiable information ("PII"), storage of PHI and PII, storage of other patient records, communication of results with patients, and communication of results with physicians, physician groups, and applicable employers.

### *Clinical Authority and Oversight Services*

You must purchase the following services from AFG Services which are designed to ensure that all patient records are reported and maintained correctly:

- Clinical ordering and review by appropriately qualified clinical professionals, with Summary Report
- Skilled calls and referrals regarding infectious disease and panic values, where required
- Account setup and maintenance with our approved laboratory partners and clinical vendors
- Account setup and maintenance of Sharefile and Rymedi (or other emergent technology)

(collectively, “Clinical Authority and Oversight Services”). AFG Services is the only Approved Supplier for these services.

### *Third-Party Insurance Billing Services*

Some services you will provide may be eligible for coverage by a customer’s third-party insurance provider. You must use AFG Services as the designated provider for services involving the billing of any such third-party insurance provider. AFG Services is the only Approved Supplier for these services.

### **Whether We or Our Affiliates are Approved Suppliers**

We are an Approved Supplier (but not the only Approved Supplier) of breath alcohol machines and advertising material. Our affiliate, Applya is currently an Approved Supplier of third-party administration of program management services for TPA Accounts.

Our affiliate, AFG Services, is an Approved Supplier (but not the only Approved Supplier) of clinical authority and oversight services, administrative, customer service, software as a service, data management, general purchasing. AFG Services is the only Approved Supplier for third-party insurance billing services.

### **Officer Interest in Suppliers**

Our Chairman of the Board, Felix Mirando, has an ownership interest in ARCpoint Group. ARCpoint Group is our sole owner. ARCpoint Group is also the sole owner of AFG Services, which is a supplier to ARCpoint Labs Businesses. Mr. Mirando also has an ownership interest in Applya which is a supplier to ARCpoint Labs Business.

Our President and CEO, John Constantine, has an ownership interest in ARCpoint Group. ARCpoint Group is our sole owner. ARCpoint Group is also the sole owner of AFG Services, which is a supplier to ARCpoint Labs Businesses.

Our Chief Operating Officer, Dano Jukanovich, has an ownership interest in ARCpoint Group. ARCpoint Group is our sole owner. ARCpoint Group is also the sole owner of AFG Services, which is a supplier to ARCpoint Labs Businesses.

### **Approval of New Suppliers**

We may update the list of Approved Suppliers in our Manual, which is further described in Item 11. If you desire to have a non-approved supplier of a product or service designated as an Approved Supplier, you must submit samples of the supplier’s products or services to us, along with a written



statement describing why such items, services, or suppliers should be approved for use in the System. We reserve the right to charge a fee to evaluate the proposed supplier of approximately \$500 to \$1,000 per evaluation (See Item 6). We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we must respond to a request to approve a proposed supplier within 90 days, we generally respond within 7 days. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of revocation, you must stop selling any disapproved products and services, and stop purchasing from any disapproved supplier.

### **Modification of Specifications and System Standards**

We issue and modify specifications and System Standards to franchisees through the Manual or other written or electronic communications. You are not allowed to sell any product or offer any service unless we pre-approve the supplier, the product, and/or service. This includes all products and all services related to drug testing, clinical testing, wellness programs and regulatory management and any other product or service that a reasonable person would assume is associated or related to the drug testing, clinical testing, wellness programs, or regulatory management. You must obtain our written approval if you wish to use products from an unapproved supplier.

### **Franchisor Revenue from Required Purchases or Leases**

We and our affiliates may derive revenue or other material consideration from required purchases or leases by Franchisees.

During our 2022 fiscal year, we derived approximately \$460,577 in revenue from the sale or lease of products or services to franchisees. This revenue represents 7.3% of our total revenue of \$6,264,032.

During the year ended December 31, 2022, our affiliate Applya derived \$76,400 in revenue from the sale or lease of products or services to franchisees, which included customer service, administrative, sales, and support services to the franchisees and their accounts. This information was derived from Applya's unaudited financial statements.

During the year ended December 31, 2022, our affiliate AFG Services derived \$3,104,694.84 in revenue from the sale or lease of products or services to franchisees, which included customer service, administrative, clinical, software and support services, to the franchisees and their accounts. This information was derived from AFG Services' unaudited financial statements.

### **Franchisee's Estimated Proportion of Required Purchases and Leases**

We estimate that approximately 18% to 23% of your expenditures for leases and purchases in establishing your ARCpoint Labs Business will be for goods and services that must be purchased either from us, our affiliate, or an Approved Supplier, or in accordance with our standards and specifications. We estimate that approximately 25% to 45% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, one of our affiliates, an Approved Supplier, or in accordance with our standards and specifications.

### **Supplier Payments or other Benefits to Franchisor**

One of our Approved Suppliers for breath alcohol machines and related supplies pays us a rebate of 7.5%-17% of all franchisee purchases. Additionally, one of our Approved Suppliers of tests for early gender

identification during pregnancy pays us a rebate of \$1 for each test purchased. And two of our preferred reference labs provide a rebate of 1% to 5% for all franchisee purchases.

Our affiliate and Approved Supplier, AFG Services, operates the ARCpoint Storefront (an e-commerce website) where franchisees purchase products and/or services from AFG Services. AFG Services will mark-up some of these products and/or services that are provided by AFG Services' vendors through the ARCpoint Storefront.

### **Purchasing or Distribution Cooperatives**

We do not have purchasing or distribution cooperatives.

### **Purchase Arrangements**

We or our affiliate AFG Services negotiate purchase arrangements with suppliers, including price terms, for the benefit of Franchisees.

### **Material Benefits for Use of Particular Suppliers**

We do not provide material benefits to you based on whether you purchase through the sources we designate or approve.

## **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 disclosure document.**

Obligation	Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 2.2, 5.2, 5.3, and 5.4	Items 7, 8, 11 and 12
(b) Pre-opening purchases/leases	Section 5.5	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	Section 5.1 – 5.5	Items 7, 8 and 11
(d) Initial and ongoing training	Section 8	Items 5, 6, 7 and 11
(e) Opening	Section 5.1 and 5.6; Section 1 of MFA	Item 11
(f) Fees	Sections 3, 4, 8, 11, 12, 13, 15, 16, 17, and 20; Section 2 of MFA	Items 5, 6 and 7
(g) Compliance with standards and policies/operating manual	Sections 9, 10, and 12	Items 8 and 11
(h) Trademarks and proprietary information	Sections 6 and 7	Items 13 and 14
(i) Restrictions on products/services offered	Section 12.1	Items 8, 11, 12 and 16

Obligation	Section in Franchise Agreement	Disclosure Document Item
(j) Warranty and customer service requirements	Sections 12.7	Not Applicable
(k) Territorial development and sales quotas	Section 2.4; Section 2 of MFA	Item 12
(l) On-going product/service purchases	Sections 5.4 and 12.1	Items 6 and 8
(m) Maintenance, appearance, and remodeling requirements	Sections 4.2.4, 5.5, and 12.2	Items 8, 11
(n) Insurance	Section 13	Items 6, 7 and 8
(o) Advertising	Section 2.7 and 11	Items 5, 6, 7, 8 and 11
(p) Indemnification	Section 6.4, 13.1.7, and 20.2	Item 6
(q) Owner's participation/management/staffing	Sections 7.4, 8, 12.3, and 12.8	Items 11 and 15
(r) Records and reports	Section 3.9, 3.10, 3.13, 3.14, and 3.15	Items 1, 6, 11 and 17
(s) Inspections and audits	Sections 3.17, 6.6, and 17.5	Items 6 and 11
(t) Transfer	Section 17	Item 6 and 17
(u) Renewal	Section 4.2 - 4.4	Item 17
(v) Post-termination obligations	Section 16	Item 17
(w) Non-competition covenants	Sections 7 and 16.2	Items 15 and 17
(x) Dispute resolution	Section 22	Item 17

## ITEM 10 FINANCING

### **Initial Franchise and Other Initial Fees**

We normally do not provide financing of initial fees. However, in select cases, from time to time, we offer short term financing upon execution of the Franchise Agreement until you receive other third-party financing, on the following terms:

Item Financed	A portion of the Initial Fees (Franchise Fee, Training Fee, New Owner Support Fee)
Source of Financing	Us
Down Payment*	\$20,000 per Territory
Amount Financed*	Varies.
Interest Rate/Finance Charge*	0%
Period of Repayment*	60 days or less
Security Required	None

Whether a Person Other than the Franchisee Must Personally Guarantee the Debt	If the franchisee is an entity, its owners must personally guarantee the debt.
Prepayment Penalty	None
Liability Upon Default	Accelerated obligation to pay the entire amount due, pay our court costs and attorney fees incurred in collecting the debt, and termination of the franchise.
Waiver of Defenses or Other Legal Rights	Waiver of right to a jury trial; homestead and other exemptions; waiver of presentment, demand, protest, a notice of dishonor.

\*The required down payment, amount financed, term, and interest rate will vary depending upon your creditworthiness, down payment, desired term, and industry experience.

A copy of our Form Promissory Note is attached to this Franchise Disclosure Document as Exhibit G-4.

We do not guarantee your notes, leases, or obligations. We do not have any past or present practice to sell, assign or discount to any third party, any note, contract, or other instrument signed by you, but we reserve the right to do so. We do not receive any direct or indirect payments or other consideration for placing financing.

## ITEM 11

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

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

#### **Franchisor's Pre-opening Assistance**

##### *Onsite/Online Operations*

Before or simultaneously with opening the Onsite/Online Operations of your ARCpoint Labs Business, we (or our designee(s)) will provide the following assistance and services to you:

1. We will provide you with the initial training for the System. (See below in Item 11 and Section 8 of the Franchise Agreement for more details regarding training.)

2. We will license to you the use of Marks, as described in greater detail below in Item 13. (See Section 6 of the Franchise Agreement.)

3. We will provide you with a webpage, social media accounts, and email address that must be used for all your business communications and the Onsite/Online Operations of your ARCpoint Labs Business, which you will maintain at your own cost and expense. (See Sections 11.3 and 12.10 of the Franchise Agreement.)

4. We will provide you with, via our intranet portal, access to a downloadable copy of the materials that comprise our Manual. The current table of contents of the document entitled Confidential Operations Manual is attached to this Franchise Disclosure Document as Exhibit D. As of the date of this Franchise Disclosure Document, the Confidential Operations Manual contains 213 pages (See Section 9 of the Franchise Agreement) but is subject to change as sections are updated or revised.

5. We will help identify operating assets and other products and supplies that you must use to develop and operate the ARCpoint Labs Business; establish minimum standards and specifications that you

must satisfy while operating the ARCpoint Labs Business; and identify the designated and Approved Suppliers from whom you may be required to purchase and/or lease items for your ARCpoint Labs Business. (See Section 12.1 of the Franchise Agreement.)

### *Lab Operations*

Before or simultaneously with opening the Lab Operations of your ARCpoint Labs Business, we (or our designee(s)) will provide the following assistance and services to you:

1. We will provide you with our site selection criteria for your ARCpoint Labs Business and introduce you to our approved real estate site selection vendor. Your site must meet our criteria for demographic characteristics; traffic patterns; parking; the character of the neighborhood; signage; visibility; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. Your site must be located within your Territory. We generally do not own the premises for the ARCpoint Labs Business. You must sign a lease for the Accepted Location upon receiving our acceptance. (See Section 5.3 of the Franchise Agreement.)

2. Once a site is tentatively selected, we will review your site of choice for acceptance. All sites are subject to go through our process (See Sections 5.2 and 5.3 of the Franchise Agreement.)

3. Upon acceptance of a site that meets our requirements, you must either have your landlord execute our lease addendum ("Lease Addendum") attached to the Franchise Agreement as Schedule 6 or incorporate the terms of the Lease Addendum into the lease for the Accepted Location. (See Section 5.4 of the Franchise Agreement.)

4. We will provide you training through our New Owner Support Program. The New Owner Support Program consists of up to 40 hours of support for new owners, including real estate site selection support, regular check-ins with the Onboarding team, calls, visits and shadow opportunities with existing owners, and additional training on individual service lines.

5. We will provide you with mandatory and discretionary specifications for the ARCpoint Labs Business, including standards and suggested criteria for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme (See Section 5.5 of the Franchise Agreement.)

### *Site Selection*

We must accept the site for your ARCpoint Labs Business. You may not relocate your ARCpoint Labs Business without our prior written consent. Before leasing or purchasing the site for your ARCpoint Labs Business, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. Among other criteria, we consider a potential site's demographics, the demographics of the surrounding area, the presence of major employers and competitors in the surrounding area, proximity to "daily needs" centers (such as grocery stores and pharmacies), the traffic patterns and activity levels in the area surrounding the site, and the visibility of the site from the road. If we reject of the proposed site, you must select another site. If you have not obtained our acceptance of a site within 90 days of entering the Franchise Agreement, then you must use our approved real estate site selection vendor, at no cost to you. If you have not obtained our acceptance of a site within 6 months of signing the Franchise Agreement (and we have not approved an extension), we may terminate the Franchise Agreement and retain the non-refundable Initial Franchise Fee. (See Sections 5.2 and 5.3 of the Franchise Agreement.)

We will consult with you on our current site selection guidelines and provide other site selection counseling as we deem advisable. Although we will consult with you on and must accept your site, you have the ultimate responsibility in choosing, obtaining, and developing the site for your ARCpoint Labs Business. We expect you to retain an independent expert to evaluate the suitability of a proposed site and to conduct your independent investigation of the site. We disclaim any responsibility for the suitability of the Accepted Location. Our acceptance of the Accepted Location is based on the site satisfying the minimum site selection criteria only.

### *Schedule for Opening*

You must begin your Onsite/Online Operations within 60 days of executing the Franchise Agreement. You must commence your Lab Operations for your ARCpoint Labs Business either within 10 months from commencing your Onsite/Online Operations or within 12 months of executing the Franchise Agreement, whichever is earlier. (See Sections 5.2, 5.3, and 5.4 of the Franchise Agreement).

Failure to open an ARCpoint Labs Business for both Onsite/Online Operations and Lab Operations in any Territory granted to you pursuant to a Franchise Agreement within the periods provided therein is a material breach of the Franchise Agreement. If this happens, we may, but are not obligated to, terminate the Franchise Agreement for your existing ARCpoint Labs Business. If you sign an MFA and fail to satisfy the development deadlines specified in such addendum, we will have the right to terminate any Franchise Agreements that you already signed for ARCpoint Lab Businesses that have not commenced Lab Operations at the Accepted Location at the time of the breach.

We estimate that the typical time between signing the Franchise Agreement and opening your Onsite/Online Operations is between 30 to 59 days. We estimate that the typical time between signing the Franchise Agreement and beginning your Lab Operations at your retail location is between 4 to 12 months. Factors affecting these timeframes include attendance at, and satisfactory completion of, the applicable training program; obtaining a lease (including the Lease Addendum); obtaining all necessary permits; completion of construction; delivery and installation of equipment and supplies, and hiring and onboarding of the appropriate personnel.

### **Franchisor's In-Term Assistance**

During the operation of your ARCpoint Labs Business, we (or our designee(s)) will provide the following assistance and services to you:

1. We will offer you general guidance via telephone, webinars, e-mail, facsimile, blog, intranet, newsletters, and other methods as we see reasonable and necessary. We will offer advice and guidance on a variety of business matters, including, authorized services or products, operational methods, system changes, best practices, protocols, accounting procedures, and marketing and sales strategies. (See Section 8.4 of the Franchise Agreement). We retain the right to charge a fee to offer general guidance if we determine that you are utilizing our guidance services too frequently or in an unintended manner.

2. Within 30 days of your opening, or at any point during the term at your request or if we deem it necessary, we will send a representative to your ARCpoint Labs Business either in-person or virtually, to provide additional training to you. You shall pay us our then-current training rate, including paying any expenses associated with such training or assistance. (See Section 8.6 of the Franchise Agreement).

3. We will provide our then-current System Standards as they are modified and/or updated for ARCpoint Labs Businesses. We may periodically modify System Standards, and those modifications

may require you to invest additional capital in your ARCpoint Labs Business and/or incur higher operating expenses (See Sections 9 and 10 of the Franchise Agreement).

4. We will provide confidential and proprietary information designed to assist you in the operation of your ARCpoint Labs Business (See Section 9 of the Franchise Agreement).

5. We will maintain and administer a Brand Fund. We may dissolve the Brand Fund, in our discretion, upon written notice (See Section 11 of the Franchise Agreement).

6. We will maintain and administer one or more websites to advertise, market, and promote ARCpoint Labs Businesses and the products and services offered (each a “System Website”) (See Section 11.3 of the Franchise Agreement).

### **Advertising**

We are not obligated to conduct any advertising. We may periodically formulate, develop, produce, and conduct at our sole discretion, advertising and promotional programs in such form and media as we determine to be most effective.

#### *Brand Fund*

You must pay monthly the greater of two percent (2%) of your Gross Sales or the Minimum Brand Contribution to the Brand Fund. Your Brand Fund Contribution will be in addition to all other advertising requirements set out in this Item 11. Franchisor-owned or affiliated ARCpoint Labs Businesses may, but are not required to, contribute to the Brand Fund on the same basis as franchisees. (See Sections 3.4 and 11.1 of the Franchise Agreement.) Our other franchisees may not be required to contribute to the Brand Fund, may be required to contribute to the Brand Fund at a different rate than you, or may be required to contribute to a different advertising fund.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion. The Brand Fund will be held in a separate bank account, commercial account, or savings account. We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for the costs of (i) developing and producing ARCpoint advertising, (ii) researching, developing and deploying new products and services, (iii) to educate potential consumers about the System through community outreach, education and other initiatives, (iv) conducting other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase System sales, and (v) the costs of administering the Brand Fund. Such costs may include: the cost of developing local advertising and marketing promotional materials; creating and implementing television, radio, magazine, newspaper, and digital/online advertising campaigns and other public relations activities (including, but not limited to, for purposes of community outreach and brand reputation management); developing and maintaining the System Website, brand applications and social media accounts; providing marketing support; developing and maintaining the fulfilment portal; creating and providing Manual updates; developing national, regional, or third party administration accounts; attending consumer or other end-user trade shows; quality assurance and safety programs; market research; employing advertising agencies, public relations firms, media buyers and creative talent; employing in-house product development, community outreach, sales, advertising, marketing and other professionals to assist in these efforts, and payment of their salaries; and fees we pay to legal, accounting, and other professional advisors to administer the Brand Fund.

We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and all other direct or indirect expenses associated with the programs funded by the Brand

Fund, including, salaries and benefits of personnel with primary responsibility for Brand Fund activities. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available,” or similar phrasing, or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Fund.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct, or administer the Brand Fund. Any unused funds in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. The Brand Fund is not audited. We will provide an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year upon written request.

During our 2022 fiscal year, the Brand Fund spent approximately 71.4% of its income on the production of advertisements and other promotional materials and 28.6% for administrative expenses.

#### *Local Advertising*

In addition to the Brand Fund Contributions, you must spend: (a) at least \$15,000 for approved advertising and marketing expenses (these expenses may include, but not be limited to, online marketing, website management, PPC, Ad campaigns, Google Ad Words campaign, social media management, organic SEO, sales promotional start-up package, sales leads, target marketing list purchase, grand opening package, lab start-up package, public relation marketing), at our direction, throughout the first twelve months of Lab Operations; and (b) beginning with the thirteenth month of Lab Operations, the greater of 3% of your Gross Sales per twelve month period, or \$9,000 per twelve month period on approved advertising and marketing expenses (“Local Advertising Requirement”). The Local Advertising Requirement includes your mandatory participation in specific, ongoing SEO with our approved vendor. The exact nature of these activities shall be prescribed by us, by our Approved Supplier, or from time to time in the Manual and elsewhere. Should you fail to maintain this activity, we reserve the right to administer SEO on your behalf with the vendor of our choice and seek reimbursement for all expenses to do so, including reasonable expenses for administering the activity. If you fail to spend the Local Advertising Requirement, you will be required to pay the Local Advertising Compliance Fee (the difference between the amount you spent on local advertising each year and your required local advertising expenditure) to the Brand Fund. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other ARCpoint Labs franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all ARCpoint Labs franchisees, and you will not issue coupons or discounts of any type except as approved by us. (See Section 11.2 of the Franchise Agreement.)

#### *Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing*

You must order sales and marketing material from us or our Approved Suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied at our sole discretion. We will review your request and we will respond in writing within thirty days from the date we receive all requested information. Our failure to notify you in the



specified time frame will be deemed disapproval of your request. Use of our Marks must follow our approved standards. You may not use our Marks on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you may be charged an Unauthorized Advertising Fee of \$500 per occurrence, payable to the Brand Fund.

Your advertising and promotion must follow our guidelines. Our guidelines regarding advertising and promotion are set forth in our Manual and change from time to time. All advertising and promotional materials that you develop for the ARCpoint Labs Business must also contain a reference to the System website's domain name, in the manner we designate. (See Section 11.3 of the Franchise Agreement.) We may require or permit you, at our sole discretion, to use a trade name (or d/b/a) in connection with your ARCpoint Labs Business. Any tradename (or d/b/a) that you use will be determined by us in writing. We may require you to change your tradename (or d/b/a), even if it was previously approved by us, at any time and in any manner at our sole discretion.

### *System Website*

We have established a System Website for ARCpoint Labs Businesses which includes local pages for each franchisee. The set-up fees for this page are included in your initial New Owner Support Fee. Your page will include information relating to your specific business location, once established, and select the content that we provide from our System Website. Your page will also showcase ARCpoint Labs Business products and services. We reserve the right to change the requirements relating to your page at any time. As long as we maintain a System Website, we will have the right to use the Brand Fund assets to develop, maintain, and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System Standards relating to the System Website.

We are only required to reference your ARCpoint Labs Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to one or more of your ARCpoint Labs Business from the System Website until you fully cure the subject default(s).

You may not, without our prior written approval, develop, maintain, or authorize any website that mentions or describes you, your ARCpoint Labs Business, or displays any of the Marks. We retain the sole right to market on the Internet, including the use of websites, social media platforms, domain names, uniform resource locators, linking, advertising, and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies, and requirements. We retain the sole right to use the Marks on the Internet, including on websites and social media platforms, as domain names, directory addresses, search terms, and metatags, and in connection with linking, marketing, co-branding, and other arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We may require you to provide us content for our Internet marketing. We retain the right to approve or disapprove any linking to, or other use of, the System Website in our sole discretion.

We may allow you to promote your business via alternate online strategies consistent with our online policy as contained in the Manual. We have the right to review all online content on social media sites, blogs, electronic communications, and on other online sites on which our Marks are used to protect the reputation and high quality associated with our Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial

content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for Franchisee websites, you must agree to use our mediums (See Sections 6.7 and 11.3 of the Franchise Agreement.). We may require you to remove any questionable usage or content involving our Marks. We may also require you to cease using our Marks at all such sites or discontinue all use of such sites.

#### *Advertising Council*

We have not established an advertising council with sole responsibility to advise us on advertising policies, however, as further described in Item 20 we have established an ARCpoint Franchise System National Advisory Council (“NAC”). One role of the NAC is to provide us with input on advertising and promotional activities.

#### *Advertising Cooperative*

You do not have to participate in a local or regional advertising cooperative.

#### *Pricing*

We may, if permitted by applicable law, establish minimum and maximum prices for products and services that you offer customers in connection with your ARCpoint Labs Business, including without limitation resale prices for use with multi-area marketing programs and special price promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

#### **Computer System**

You must purchase a computer system that consists of the following hardware and software: (a) two business class computers with professional operating systems, at least one of which must be a Windows laptop computer; a compatible web camera capable of online webinar streaming video; inkjet or laser printer; a business class high-speed Internet at your retail business location; and (b) approved operational software; approved financial reporting software; and the latest version of QuickBooks Online, which must be maintained and utilized for your official set of financial records and bookkeeping (collectively, “Computer System”). We do not require a certain make or model of computer hardware, but it does need to be business class hardware and capable of accommodating currently available software. We estimate the cost of purchasing the Computer System will be between \$2,550 and \$9,800. (See the Manual and Section 3.16 of the Franchise Agreement.)

In addition, you will need to pay an Approved Supplier an operational testing software fee of between \$212.50 and \$425 per month or between \$.25 and \$.50 per transaction per donor (max of 5 per donor), depending on vendor, and a Monthly Technology Fee, which is currently \$300 per month until you commence Lab Operations and \$450 per month thereafter, which is payable to us. The Monthly Technology Fee may increase at our sole discretion and in amount determined by us in our sole discretion. You must record all Gross Sales in QuickBooks and all operational testing data in an approved drug testing and clinical testing software. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. Additionally, approved financial reporting software must be installed and updated on the Computer System at all times. The Computer System will generate reports on the Gross Sales of your ARCpoint Labs Business. (See Section 3.9 of the Franchise Agreement.)

You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term “credit card vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”).

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System. You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating, or upgrading the Computer System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation. (See Section 3.16 of the Franchise Agreement.)

We (or our designee(s)) have the right to independently access the electronic information and data relating to your ARCpoint Labs Business, and to collect and use your electronic information and data in any manner, including the promotion of the System and the sale of ARCpoint Labs Businesses (“ARCpoint Data”). There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your ARCpoint Labs Business, or from other locations. (See Section 3.16 of the Franchise Agreement.)

## **Training**

Below, we have described our current training program. We reserve the right to modify our training program at any time, including the timing, frequency, content, format and location of training.

### **TRAINING PROGRAM**

Subject	Hours of Classroom Training <sup>(1)</sup>	Hours of On-Site Training <sup>(1)</sup>	Location
Initial Training			
Onboarding	20*		Via telephone, email, and/or web-based methods *Varies depending on background/experience of franchisee
Toxicology and DNA Methodology, Collection, and Testing Procedures	20		At our corporate headquarters in Greenville, South Carolina or via telephone and/or web-based methods
Breath Alcohol Technician (“BAT”) and Certified Professional Collector (“CPC”) Training and Certifications	3 (per owner)*		At our corporate headquarters in Greenville, South Carolina or via telephone and/or web-based methods *BAT/CPC Certification may also be conducted onsite at your facility, depending on the need

Subject	Hours of Classroom Training <sup>(1)</sup>	Hours of On-Site Training <sup>(1)</sup>	Location
Initial Training			
Business Planning/ Operations	24	16+	At our corporate headquarters in Greenville, South Carolina or via telephone and/or web-based methods  + At your ARCpoint location during your operations visit
Sales and Marketing	8		At our corporate headquarters in Greenville, South Carolina or via telephone and/or web-based methods
<b>Totals</b>	<b>75</b>	<b>16</b>	

Notes:

1. The training subjects may vary, and the actual training may be less than the times indicated above, depending on various factors such as the number and experience of the attendees.

2. The Initial Training will be conducted within 60 days of signing your Franchise Agreement, prior to your beginning Onsite/Online Operations of your ARCpoint Labs Business.

3. Emily Bowen oversees our training programs. Ms. Bowen has 4 years of experience in sales/training and has been working with the System since 2019. Our training staff has an average of approximately 10+ years of experience. Other members of our staff may assist in training as needed. Training staff will vary based on the training format used. The minimum amount of experience in training that any instructor will have is 6 months.

4. The training materials we use are hard copy, manuals, virtual, videos, and hands-on.

5. As a result of the COVID-19 pandemic, in order to protect the health and safety of our instructors and franchisees, we reserve the right to offer virtual training if deemed necessary.

You (or, if you are an entity, your Managing Owner), your Designated Manager (if applicable; see Item 15 for more information on the Designated Manager), and any other individuals that we designate (“Required Trainees”) must complete Initial Training to our satisfaction. We have the right in our reasonable discretion to determine whether a Required Trainee has successfully completed the Initial Training. If we conclude that a Required Trainee has failed to successfully complete the Initial Training Program, that Required Trainee must re-enroll in our next scheduled applicable Initial Training program at no additional charge. We will have the right to terminate the Franchise Agreement if, following the Initial Training program and any re-enrollment, if any, none of your Required Trainees have successfully completed the Initial Training Program. If you replace a Designated Manager for any reason, the new Designated Manager must complete our Initial Training Program before assuming responsibility for the management of your ARCpoint Labs Business. Our training, provided to Required Trainees, is conducted in multiple phases as follows:

## *Initial Training*

Initial Training, which will occur prior to beginning your Onsite/Online Operations, includes: 1) Online Training; 2) New Owner Training; and 3) Owner Lab Shadowing. The Initial Training Fee is \$18,500. Online Training typically begins within ten days of you signing the Franchise Agreement and concludes with New Owner Lab Shadowing, which typically occurs about 60 days following the signing of the Franchise Agreement. The overall timing and length of training can vary depending upon your background, specific needs, etc.

Online Training – This is a self-paced online and/or video training that generally focuses on drug, alcohol, and DNA testing and collection procedures and associated methodologies, marketing, sales, accounting, and business operation software/tools, and an overview of our clinical program. You may be required to complete online exams for the topics covered to our satisfaction prior to moving on to the next portion of the training. You and your employees may watch and review this comprehensive segment of training at your leisure, and do so as many times as you like, both now and in the future.

New Owner Training – This training consists of four to five mandatory days of training in our corporate headquarters or online via our virtual training program. Depending on need, we typically conduct our New Owner Training over the course of one week every other month. Though it may vary depending on the specific needs of the new franchisee, New Owner Training generally consists of “hands-on” instruction and practice in various areas, to include “mock” toxicology collections, franchisee/client role-play, business proposal templates, and the use business and accounting software/tools, as well as live observation of our affiliate ARCpoint Labs Business(es) and CPC certifications for attendees. Typically, franchisees attend New Owners Training within approximately 60 days from signing the Franchise Agreement. You must pay for all travel, lodging, and related expenses for Required Trainees to attend New Owner Training.

New Owner Lab Shadowing – During the shadowing visit, Required Trainees will spend one and a half days in an assigned shadowing lab working with the franchisee owner and their employees. You will be provided with an agenda and checklist of what to expect throughout the visit. This includes hands-on experiences, collections, front and back-office tasks, and more. This typically takes place approximately 4 weeks prior to beginning Lab Operations.

## *Additional Training*

### Clinical Program Training

Prior to the opening of the Clinical Program for your ARCpoint Lab Business, you must participate in our Clinical Training. The Clinical Training consists of approximately 5 hours of training that covers topics such as facility requirements, applicable federal regulations (HIPAA, OSHA, CLIA), clinical authority, clinical collections, and the sale and marketing of clinical offerings. The Clinical Program Fee is \$2,500.

### Clinical Program Sales and Operations Training Visit

One member from our operations team will either visit the site of your ARCpoint Lab Business in-person or virtually to assess, train, and advise on your operational organization. Typically, this training visit will occur within 30 days prior to beginning Lab Operations. During this visit, the Required Trainees will perform mock collections training, which will certify attendees as ARCpoint-certified BAT and CPC. You must purchase, and have available at this training, a franchisor-approved Breath Alcohol Device, and will only be certified on this device. If you unilaterally cancel or re-schedule your training visit, you will be billed any direct costs and expenses incurred by us at the point of your cancellation. You will also be billed at our

then-current rate (currently \$75) per hour during any on-the-job training in which our services are requested or utilized for more than the number of hours or people described above. Your Initial Training Fee will cover the cost of training for up to four individual attendees. If you need additional visits in order for all Required Trainees to receive this training, then you will be billed the rates set out below for training additional employees.

#### New Owner Support Fee

You must participate in our New Owner Support Program. Throughout your startup period, you will be provided support from our Onboarding team and will later be assigned to a Franchise Business Consultant (FBC) who will coach you through your tenure as an ARCpoint Labs Business. A member(s) of our staff will provide your onboarding via telephone, e-mail, and various other online resources. During onboarding, we will walk you through our Owner Onboarding checklist to help guide you through the process of setting up and opening your ARCpoint Labs Business. We will also provide the Manual for this portion of training, along with access to other materials via our intranet. The New Owner Support Fee is \$13,500, and must be paid when you sign the Franchise Agreement.

#### Sales Training

You will be required to enroll and participate in the Sales Training Program, provided by Sandler Systems, LLC. The Sales Training Program will begin immediately following your New Owner Training week. The Sales Training Program will take place online for one hour per week for a total of eight weeks. All new franchisees will be required to attend the Sales Training Program. The Sales Training Fee is \$3,000, and must be paid when you sign the Franchise Agreement.

#### *Training for Additional Employees*

After your Required Trainees are trained, you are required to ensure that all additional employees working in any ARCpoint Labs Business that you open are fully trained in the area in which they work. All employees must be fully qualified to work in your ARCpoint Labs Business and must be trained by ARCpoint certified trainers, except for administrative and clerical employees.

All employees providing specimen-collection services must complete the ARCpoint video training series, including exams and the mock collections and proficiency demonstrations for DOT collections, which will be accomplished through us, via interactive, video-based methods, unless otherwise arranged, and must complete the training to our satisfaction before being qualified to work in your ARCpoint Labs Business.

Except for any expenses, all training for additional employees is required to be paid in advance of the training. Below are the specific training charges for any additional employees:

1. Online Training – We provide this training at no charge to you. This on-demand series is yours to keep and use as many times as you would like for all employees (as stipulated above) now and in the future. However, your employees cannot provide collections for your ARCpoint Lab Business without being certified by our certified trainer through the satisfactory performance of mock collections/proficiency demonstrations and the completion of the BAT, as outlined in (2) and (3) below.

2. CPC Training & Certification – Because of its complexity and hands-on nature, we limit this portion of the training to up to four people during a single training session. The cost is \$199 for each person. (See Section 3.2.2 of the Franchise Agreement.).

3. BAT Training & Certification – Because of its complexity and hands-on nature, we limit this portion of the training to up to four people during a single training session. The cost is \$199 for each person. (See Section 3.2.3 of the Franchise Agreement.)

4. Should you request any of the above-described additional employee training to be performed live at your location, you will be billed our then-current rate, currently \$125 per hour, with an 8-hour minimum charge, plus all travel expenses, including flights, mileage, lodging, and food, in addition to the price of the training itself. For an extension of time during normal training hours, you will be billed at the rate of \$125 per hour. (See Section 8.5 of the Franchise Agreement).

### *Supplemental Training*

From time to time, we may require that you (or if you are an entity, your Managing Owners), your Designated Managers, and other employees that we designate attend system-wide refresher or additional training courses. Some of these courses may be optional while others may be required. We reserve the right to charge a reasonable supplemental training fee for any refresher or additional training courses you take. If we conduct an inspection of your ARCpoint Labs Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. If you are required to attend remedial training, we reserve the right to charge the higher of (i) the cost of the training program you are re-taking and (ii) a reasonable supplemental training fee. You may also request that we provide additional training (either at corporate headquarters or your ARCpoint Labs Business), and we may agree to provide such additional training at an additional cost.

In addition to participating in ongoing training, you must attend our meetings of all franchisees, usually held every year to two years, at a location we designate. We reserve the right to charge a fee for franchisees to attend these meetings. Currently, the fee to attend these meetings is \$450 per person. In addition, we will charge you the fee for each person who is required to attend a franchisee meeting and fails to do so. You are responsible for all travel and expenses for your attendees.

Additionally, you, your Designated Manager, or, if you are an entity, your Managing Owner, must become members of DATIA or the NDASA during the first year after the signing of your Franchise Agreement. We recommend that you continue your DATIA or NDASA membership and attend the DATIA or NDASA conference annually thereafter. You are responsible for the costs of the conference, including, but not limited to, lodging, transportation, food, salary, and any course materials. We also strongly recommend you join your local Chamber of Commerce, and any other local business networking organizations that we specify.

## **ITEM 12 TERRITORY**

You will not receive an exclusive Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The Territory in which you are authorized to operate your ARCpoint Labs Business will be based on a number of factors, including geographic size and population of people and businesses. Generally, a territory consists of approximately 10,000 businesses as of the date you sign your franchise agreement. However, we cannot guaranty that your Territory will have 10,000 businesses. In certain densely populated metropolitan areas, a Territory may be considerably smaller, while franchisees operating in more rural areas may have a significantly larger Territory. Once established, the boundaries of your Territory will not be adjusted regardless of whether the population of people and business in your Territory increase or decreases over time.

Commercial business customers in your Territory may a) already be serviced by another franchisee, either directly or as a TPA Account, or b) be serviced by another franchisee pursuant to a TPA Account in the future due to the location of the customer's headquarters. Though we strive to keep an accounting of customers, we may not be aware of all customers being serviced within a Territory, including TPA Accounts. You may operate the ARCpoint Labs Business through your Onsite/Online Operations only within your Territory and through Lab Operations conducted at the Accepted Location within your Territory. If the lease for your ARCpoint Labs Business expires or is terminated without your fault, or if the site is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the ARCpoint Labs Business to a new site within the Territory that is acceptable to us. Relocation for any other reason will be subject to our approval, which may be withheld in our sole discretion, and you may be required to pay us a relocation fee (See Item 6). Any relocation will be subject to the site selection and lease provisions described in the Franchise Agreement and the Manual and will be at your sole expense. Our acceptance will, among other things, be based on the following factors: whether you are in compliance with the Franchise Agreement (and MFA, if applicable), whether you have paid all money owed to us, where your new ARCpoint Labs Business will be located, whether or not such relocation will infringe upon the rights of other franchisees, and the time it will take to relocate your ARCpoint Labs Business.

If you sign multiple Franchise Agreements at the same time, you will also sign a MFA that outlines the Territory for each ARCpoint Labs Business to be developed under the Franchise Agreements and the development deadlines for such ARCpoint Labs Businesses. The Territories will be determined on a case-by-case basis. Your Territories will not be exclusive.

Except as provided in the MFA, we will not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

We will not license the right to another franchisee to open and operate an ARCpoint Labs Business nor will we operate an ARCpoint Labs Business within your Territory, as long as you comply with the Franchise Agreement. However, if you are in default of your obligations under the Franchise Agreement, we may, in addition to any other remedies available to us: (i) establish or operate, and grant others the right to establish or operate, an ARCpoint Labs Business within your Territory, or service accounts within your Territory, for the remainder of the term of the Franchise Agreement or such other time as we deem necessary for you to cure such default; and (ii) reduce the size of your Territory. Further, if you do not adhere to the Development Schedule in the MFA we may, after 30 days' notice and providing you an opportunity to cure, terminate your rights to develop any Territories where you have not opened Lab Operations. Additionally, on renewal of the Franchise Agreement, the Territory granted to you may be modified. If the Territory originally granted to you is larger than the Territory we are then granting to new franchisees, we may require you to accept a Territory upon renewal which is smaller than the Territory from the initial term of your Franchise Agreement.

### **Restrictions on Solicitation**

As a franchisee, you have the right and the obligation to solicit and pursue all potential businesses ("B2B Customers") and individual consumers ("B2C Customers") physically located within the boundaries of your Territory. You may not directly or indirectly solicit or market to potential customers located outside of your Territory through any channel, including but not limited to the SEO or PPC programs via the Internet, catalog sales, or telemarketing, without prior written approval from us or the franchisee who owns the applicable territory. You may not advertise in any form of media specifically designed to be seen in a territory other than your own (e.g., advertising in a newspaper whose majority of subscribers live outside of your Territory), without prior written approval from us or the franchisee who owns the applicable territory. The management of an approved website (including the System Website) or social media accounts via the Internet does not fall within this category of prohibited advertising.



If you receive an unsolicited lead for or a direct request for the performance of services or sale of goods from a potential B2B Customer located within another franchisee's Territory, you may not service the potential B2B Customer without prior written authorization from the franchisee who owns the Territory. You are encouraged, however, to engage the franchisee to discuss a revenue share, commission, or other form of compensation.

If you receive a lead for or a direct request for the performance of services or sale of goods from a potential B2B Customer account in an unowned Territory, you may not service the potential customer without prior written authorization from us, which is in our complete discretion but will not be unreasonably withheld. For further clarification, we will determine whether to approve a request under this section based on the totality of circumstances, considering, among other factors, the size/complexity of the customer account, your experience, the number and proximity of other franchisees near the potential account, and potential franchisee prospects for the unowned Territory. Upon the sale of the unowned Territory, you may be required to transfer the account to the new franchisee.

If a B2C Customer, unsolicited by you, schedules an appointment at your ARCpoint Lab Business retail location (regardless of the scheduling method), then you may service the B2C Customer without prior authorization from us or the franchisee who owns the Territory where the B2C Customer resides. You are not required to pay that franchisee a fee.

If, at any point, you and another franchisee disagree about your territorial rights, you must cooperate with the other franchisee and us to resolve that dispute. We will give due consideration to all input from all parties, but we retain the ultimate decision-making authority and responsibility for such matters.

### **TPA Accounts**

You may establish a TPA Account and serve as the third-party-administrator ("TPA") for any B2B Customer 1) with its headquarters or principal place of business ("PPOB") within your Territory, 2) where, due to the nature of the business or the existence of additional locations or employees, the account will require certain collection services outside of your Territory, 3) all locations are owned by the same parent company, and 4) that makes all toxicology testing policy and/or vendor determination for all the account locations at the PPOB (i.e. the "corporate level"), as opposed to on a location by location basis. For any TPA Accounts for which you serve as the TPA, you may request that other franchisees assist in serving those account locations outside your Territory and you will pay the franchisee a reasonable market rate for their services. For the TPA Accounts where you serve as TPA, subject to client preference and/or service capabilities, you shall endeavor to use ARCpoint Labs Business locations for collections whenever practicable. At your request, we may serve as the TPA for a TPA Account that you establish.

A franchisee may serve as TPA for a TPA Account with its headquarters or PPOB in that franchisee's Territory, but which has locations in your Territory. If that franchisee requests your assistance in servicing those account locations in your Territory, then that franchisee will pay you a reasonable market rate for your services. If you decline to timely service the account, we, our affiliate or another franchisee may do so.

For any state governmental TPA Account, excluding municipal, county, or other government accounts requiring collections solely within your Territory, you must notify us in writing prior to engaging the potential customers, and we reserve the right to serve as the TPA at our discretion. We reserve the right to require that we or our affiliate serve as TPA for all TPA Accounts in the future. Any account for which we or our affiliate serves as the TPA, a mutually agreed-upon revenue sharing arrangement shall be put in place between us and the franchisee who initially secured the account.

Except as provided in this Item 12, we will not pay you any compensation for soliciting or accepting orders from customers located within your Territory.

### **Franchisor's Rights**

As Franchisor, we reserve the following additional rights for ourselves and our affiliates:





1. To solicit, market, advertise, and provide ARCpoint-authorized products and services to customers or accounts in the Territory that either span multiple territories (e.g. TPA Accounts) or require services outside of your service offering capabilities;
2. To operate, and grant others the right to operate, ARCpoint Labs Businesses located anywhere outside the Territory;
3. To sell and to grant others the right to sell products and services that are identical to, similar to, competitive with those products and services provided by your ARCpoint Labs Business, whether using the Marks or other trademarks or service marks, through any other channels of distribution other than a dedicated ARCpoint Labs retail location, including, without limitation, by electronic means such as the Internet and websites we or our affiliates may establish, or other direct marketing sales, inside or outside the Territory;
4. To market and offer our e-commerce services and online laboratory services for sale within the Territory;
5. To operate, or grant others the right to operate, businesses providing services similar to those offered by your ARCpoint Labs Business inside and outside the Territory under trademarks different from the Marks;
6. To acquire the assets or ownership interests of one or more businesses providing products and services the same or similar as those provided by your ARCpoint Labs Businesses, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating;
7. To be acquired by a business providing products and services the same as or similar to those provided by your ARCpoint Labs Businesses; and
8. To engage in any activities not expressly forbidden by the Franchise Agreement.

### **ITEM 13 TRADEMARKS**

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the Marks. You may also use other future trademarks, service marks, and logos we approve to identify your ARCpoint Labs Business.

AH is the owner of our Marks and has granted us an exclusive license for the use and sublicense of those Marks to our franchisees pursuant to an intercompany license agreement dated August 12, 2019. The trademark license is perpetual in duration and may be terminated upon a material breach (by engaging in any activity which damages the Marks or the goodwill of the System) not remedied after 30 days' written notice.

If the trademark license is terminated, AH has agreed to license the use of the Marks directly to our franchisees until each Franchise Agreement expires or is otherwise terminated. AH has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Registered Mark	Registration Number	Registration Date	Register
	3,881,303	November 23, 2010	Registered on the Principal Register
	3,881,304	November 23, 2010	Registered on the Principal Register
	4,266,805	January 1, 2013	Registered on the Principal Register
	4,304,236	March 19, 2013	Registered on the Principal Register

We have filed all required affidavits and renewals. There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending infringement, opposition, or cancellation proceedings.

Except for the trademark license, no agreement significantly limits our right to use or license the Marks in any manner material to the ARCpoint Labs Business. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks.

You must follow our rules when using the Marks. You cannot use our name or Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your ARCpoint Labs Business that you are an independently owned and operated licensed franchisee of ARCpoint Labs. You may not use the Marks in the sale of unauthorized products or services, or in any manner, we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the ARCpoint Labs Business, or any interest in the franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party’s intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action we deem appropriate, if any. You must notify us immediately if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole

discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and use by other franchisees.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

The information in the Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) as a part of the System and the Copyrighted Works may be used for the operation of your ARCpoint Labs Business pursuant to the terms of the Franchise Agreement, but such Copyrighted Works remain our sole property.

There are no effective determinations of the USPTO, the United States Copyright Office or any court regarding any of the Copyrighted Works, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using the Copyrighted Works.

The Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation, and franchising of ARCpoint Labs Businesses, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of ARCpoint Labs Businesses, and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement and the Manual. Where appropriate, certain information has also been identified as trade secrets. You must maintain the confidentiality of our Confidential Information and trade secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and trade secrets.

We will disclose parts of the Confidential Information and trade secrets to you as we deem necessary or advisable for you to develop your ARCpoint Labs Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and trade secrets during the term of the Franchise Agreement. The Confidential Information and trade secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the

Franchise Agreement will be construed to prohibit you from using the Confidential Information or trade secrets in the operation of other ARCpoint Labs Businesses during the term of the Franchise Agreement.

You must notify us within three days after you learn about any unauthorized use of language, a visual image, or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or trade secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information, or trade secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information, or trade secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information, or trade secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information, or trade secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information, or trade secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge, or claim. We will act as we deem appropriate regarding any infringement, challenge, or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge, or claim under any Copyrighted Works, Confidential Information, or trade secrets. You must sign all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information, or trade secrets.

All ideas, concepts, techniques, or materials concerning an ARCpoint Labs Business, whether or not they are protected intellectual property, and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property, part of the System, and works made for hire for our use. If any item does not qualify as a “work made for hire” for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action, including executing an assignment agreement or other documents, that we request to show our ownership or to help us obtain intellectual property rights in the item(s).

We own all ARCpoint Data, including your financial or sales data or any data you may collect in relation to the customers of your ARCpoint Labs Business. This may include posting financial information of each franchisee on an intranet website.

No patents or patents pending are material to us at this time.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Your ARCpoint Labs Business shall be managed by you, or if you are an entity, by one of your owners who is a natural person with at least a 25% ownership interest and voting power in the entity (“Managing Owner”). Under certain circumstances, we may allow you to appoint a designated manager (“Designated Manager”) to run the day-to-day operations of the ARCpoint Labs Business(es). The Designated Manager need not have an ownership interest in you if you are an entity. You, your Managing Owner, or the Designated Manager must devote his or her full-time efforts (at least 35 hours per week) to the management of the day-to-day operation of the ARCpoint Labs Business. If you purchase multiple ARCpoint Labs Businesses in multiple Territories pursuant to an MFA, you are required to employ a Designated Manager for each ARCpoint Labs Business retail location within each Territory, who is required to work a minimum of 35 hours per week in that location, and you must spend a minimum of 40 hours per

week overseeing the management of the day-to-day affairs of all of the ARCpoint Labs Businesses combined.

Any Designated Manager and, if you are an entity, any officer that does not own equity in you, must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document as Exhibit G-2. All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to the Franchise Disclosure Document as Exhibit G-3. If you are an entity, each owner (i.e., each person holding an ownership interest in the entity) must sign an Owner's Agreement guaranteeing the obligations of the entity, the form of which is attached to the Franchise Agreement as Schedule 3. We also require that the spouses of your owners sign the Owner's Agreement.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell or offer for sale only those products and services authorized by us and which meet our standards and specifications. You must follow our System Standards, policies, procedures, methods, and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products and services that we disapprove. Further, you are strictly prohibited from offering services that exceed what is allowed under your CLIA certifications. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

## **ITEM 17**

### **RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

#### **THE FRANCHISE RELATIONSHIP**

**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.**

Provision	Section in Franchise Agreement	Summary
(a) Length of the Franchise term	Section 4.1	Ten years
(b) Renewal or extension of the term	Section 4.2	Upon satisfaction of certain conditions, you may enter into one (1) consecutive successor term of ten (10) years.
(c) Requirements for Franchisee to renew or extend	Section 4.2	<p>The term "renewal" refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term.</p> <p>To renew, you must: give written notice of your intent to renew 9 to 12 months before expiration of the initial term; be in compliance with the Franchise Agreement and the System; have satisfied all monetary obligations owed to us; not be in default of any provision of the Franchise Agreement or any other agreement with us; secure possession of the Lab for the entire renewal term</p>

Provision	Section in Franchise Agreement	Summary
		and agree to remodel or add or replace improvements and operating assets and otherwise modify the ARCpoint Labs Business as we require, or find acceptable substitute premises; not have received more than two notices of Event of Default during the initial term of the Franchise Agreement; sign a general release; sign our then-current franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions than the Franchise Agreement that covered your initial term, a release (if law allows), and other documents we use to grant Franchises; agree to comply with our then-current training qualifications; pay renewal fee. This is subject to any contrary provisions contained within the State-Specific Addendums.
(d) Termination by Franchisee	Not Applicable	Not applicable.
(e) Termination by franchisor without cause	Not Applicable	Not applicable.
(f) Termination by franchisor with cause	Sections 14 and 15	We can terminate upon certain violations of the Franchise Agreement by you.
(g) “Cause” defined - curable defaults	Section 14.3; Section 1 of the MFA	You have 30 days to cure the following defaults: breach of or failure to perform or observe any material covenant or obligation in the Franchise Agreement; failure to meet any Development Milestones under a Multi-Franchise Addendum; failure to meet any Training Milestones (as defined in the Franchise Agreement); failure to operate your Lab in compliance with the System Standards; failure to satisfactorily complete any required training; failure to obtain Franchisor’s approval of any third-party vendors or suppliers; failure to provide all services and products Franchisor requires; offering unauthorized products or services; failure to ensure that any person required to execute a System Protection Agreement or Confidentiality Agreement signs one or to provide us with a copy of the same; failure to submit reports when due; failure to make any payment to Franchisor, affiliate, or third-party landlord, vendor, or supplier when due; engages in any activity exclusively reserved to Franchisor; failure to maintain insurance or provide certificates of insurance; or any other failure to comply with the Franchise Agreement, System Standards, or Manual.
(h) “Cause” defined - non-curable defaults	Section 14.2	Non-curable defaults include: material misrepresentation in acquiring the ARCpoint Labs Business; violation of a non-competition covenant in another agreement; three or more defaults in any 12-month period; two or more of the same default in any 6-month period; abandonment; unapproved transfers;

Provision	Section in Franchise Agreement	Summary
		conviction of a felony or crime, dishonest or unethical conduct affecting the ARCpoint Labs Business' goodwill or reputation; loss of your right to occupy the ARCpoint Labs Business premises; relocate the Accepted Location without our permission; unauthorized disclosure, use or misuse of the Marks, Manual, or Confidential Information; an assignment for the benefit of creditors or other bankruptcy-related proceedings or transactions are initiated; understating your Gross Sales by more than 3%; appointment of a trustee or receiver; default beyond any applicable cure period of any other agreement between you or your affiliates and us or any of our affiliates; default beyond any applicable cure period of any agreement relating to the Operation of your ARCpoint Labs Business with any third party; surrendering or transferring control of the ARCpoint Labs Business in an unauthorized manner; failure to maintain the ARCpoint Labs Business under the supervision of a Designated Manager within 180 days of Franchisee's death or disability; committing any act or omission that results in an immediate threat, danger, or injury to the health or safety of any person; or, failure to comply with any applicable law or regulation within 24 hours after being given notice of noncompliance.



Provision	Section in Franchise Agreement	Summary
(i) Franchisee's obligations on termination/non-renewal	Section 16	Obligations include: cease operating the ARCpoint Labs Business; if requested, assign your interest in the Accepted Location to us; cancel or assign to us any assumed names; cooperate in allowing continued communication with us via the ARCpoint Labs Business' former fax and telephone number; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement; paying outstanding amounts, including liquidated damages, including all costs incurred by us to enforce the Franchise Agreement; complete de-identification, including removal of signs and Marks; cease use of and terminate or provide us with passwords and usernames for all social media accounts associated with or using the ARCpoint name or Marks; cease all use of and provide us access to all digital marketing and/or advertising, including but not limited to, Google My Business, Yelp, search engine optimization and pay-per-click campaigns that incorporate, use or reference ARCpoint or any words or Marks associated therewith; notifying telephone company and telephone directory publishers of the termination of your right to use any numbers associated with our Marks and authorizing the transfer or forwarding of the numbers and directory listings at our direction; refer clients to us or our designee; be de-identified and de-listed from all online directories and listings (e.g., Google); ceasing to use and returning Confidential Information; and delivering to us copies of all customer files, which includes referrals, credit card and bank information, and any other customer information.
(j) Assignment of contract by franchisor	Section 17.1	No restriction on our right to assign.
(k) "Transfer" by Franchisee - definition	Section 1	Any sale, assignment, conveyance, pledge, mortgage, sublicense, or transfer, whether by operation of law or otherwise, any interest in this Agreement, the ARCpoint Labs Business, the Accepted Location used in operating the ARCpoint Labs Business, its assets or any part or all of the ownership interest in Franchisee.
(l) Franchisor's approval of transfer by Franchisee	Sections 17.2, 17.3, and 17.4	You may not transfer the Franchise Agreement without our prior written approval.

Provision	Section in Franchise Agreement	Summary
(m) Conditions for franchisor's approval of transfer	Sections 17.2, 17.3, and 17.4	Conditions include: we will not exercise our right of first refusal; new franchise owner qualifies; you pay us, our affiliates, and third party vendors all amounts due; transferee signs our then-current franchise agreement and other documents, provisions of which may differ materially from those contained in the Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; pay transfer fee; pay any broker fee; you sign release (if law allows); transferee and any other direct or indirect owners of transferee execute a guaranty; transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; transferee has agreed to guarantee performance by the transferee, if requested by us; transferee has obtained all necessary consents and approvals of third parties; we approve material terms; before assuming management of the ARCpoint Labs Business, transferee's Designated Manager has completed the Initial Training Program; and you or transferee pay us the transfer fee.
(n) Franchisor's right of first refusal to acquire Franchisee's business	Section 18	We have 30 days to match any offer for your ARCpoint Labs Business.
(o) Franchisor's right to purchase Franchisee's business	Section 16.4	We may, but are not required to, purchase your ARCpoint Labs Business and its premises, or any assets of the ARCpoint Labs Business for book value, by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
(p) Death or disability of Franchisee	Section 17.7	Your representative must transfer your interest in the Franchise Agreement to a third party within a reasonable time, but no later than 90 days after your death or disability, and unless there is an approved Designated Manager in place, the representative must also appoint a Designated Manager who must complete training and be acceptable to us or, if not, we may assume management.
(q) Non-competition covenants during the term of the franchise	Sections 7.4 and 7.5	You, your principal owners, and any immediate family members of you or your principal owners, and your officers, directors, executives, managers, or members (directly or indirectly), are prohibited from diverting or attempting to divert any business, customer, referral source, or supplier of the ARCpoint Labs Business to any Competitive Business; causing injury or prejudice to the Franchisor; soliciting other franchisees, or misusing franchisee lists; authorizing or assisting any other franchisee to take any action that you would be prohibited from taking; participating in a Competitive Business, having an ownership interest in, loaning money to, or performing services for a Competitive Business anywhere in the United States. A <b>"Competitive Business"</b> is any business that offers (or

Provision	Section in Franchise Agreement	Summary
		grants franchises or licenses to others to operate a business that offers) laboratory services of any type, including, without limitation, high complexity services, moderate complexity services, low complexity services, reference lab services, services to consumers, physicians, hospitals, schools or businesses, testing for food allergies, hormones, blood or toxicology, vaccinations, drug screening, wellness, clinical, or other testing services or testing necessary for advanced regulatory compliance, including drug testing policies for all federal modalities (which includes but is not limited to The Federal Motor Carrier's Safety Administration "FMCSA" and The Department of Transportation "DOT"), or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to: (a) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial ownership interest.
(r) Non-competition covenants after the Franchise is terminated or expires	Section 16.2	For a period of two (2) years (the "Restrictive Period") after the expiration or termination of this Agreement, or with respect to any owner, the owner's transfer and relinquishment of ownership in Franchisee's ARCpoint Labs Business (each a "Triggering Event"), neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, within the Territory, or within the territory of any other ARCpoint Labs Business in operation or under development at the time of the Triggering Event: (a) divert or attempt to divert any business, customer, referral source or supplier of the ARCpoint Labs Business or any other ARCpoint Labs Business to any Competitive Business; (b) solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the operation of the ARCpoint Labs Business; (c) do or perform any other act injurious or prejudicial to Franchisor, including disparaging Franchisor; (d) have any ownership interest in, manage, supervise or control the activities of, train employees of, advise, franchise, loan any assets to, or lease any property to a Competitive Business without the express written consent of Franchisor; or (e) authorize, assist, or induce another to take any action Franchisee itself would be prohibited from taking in accordance with the Franchise

Provision	Section in Franchise Agreement	Summary
		Agreement. Any period of non-compliance will be tolled as further described in the Franchise Agreement.
(s) Modification of the agreement	Section 21.6	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Manual is subject to change at any time at our discretion. Modifications are permitted on renewal.
(t) Integration/merger clause	Section 21.5	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Sections 22.8 and 22.9	You must mediate and arbitrate claims against us in South Carolina (subject to state law).
(v) Choice of forum	Sections 22.8, 22.9, and 22.10	Mediation, arbitration, and litigation must take place in South Carolina (subject to applicable state law).
(w) Choice of law	Section 22.1	South Carolina law applies (subject to applicable state law).

## ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote the Franchise.

## 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, and/or affiliate-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 of December 31, 2022, we had 125 franchised and 4 affiliate-owned ARCpoint Labs Businesses. The data below only applies to the franchisee-owned ARCpoint Labs Businesses.

**Table 19.1a**  
**2022 Gross Sales Analysis**

For the period from January 1, 2022 to December 31, 2022

The Gross Sales data represented below is based upon the business records and financial statements prepared by the 62 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2022 to December 31, 2022; and (b) were in business 24 months or more as of December 31, 2022. Of the 62 ARCpoint Labs Businesses represented in the following table, Gross Sales ranged from \$56,976 to \$4,511,492:

Segment	# Of Franchises Locations Whose Gross Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20%	12	1,188,749	4,511,492	1,924,707	1,643,356	4	33%
Middle 60%	38	215,935	1,158,553	572,180	497,464	17	45%
Bottom 20%	12	56,976	206,270	135,046	135,981	6	50%

The Top 20% of these ARCpoint Labs Businesses averaged \$1,924,707 in Gross Sales, the Middle 60% averaged \$572,180 and the Bottom 20% averaged \$135,046.

**Table 19.1b**  
**2022 Gross Sales Analysis**

For the period from January 1, 2022 to December 31, 2022

The Gross Sales data represented below is based upon the business records and financial statements prepared by the 15 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2022 to December 31, 2022; and (b) were in business for between 12 and 24 months as of December 31, 2022. Of the 15 ARCpoint Labs Businesses represented in the following table, Gross Sales ranged from \$46,720 to \$728,859:

Segment	# Of Franchises Locations Whose Gross Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20%	3	463,165	728,859	580,748	550,220	1	33%
Middle 60%	9	127,027	241,437	187,565	190,173	5	56%
Bottom 20%	3	46,720	111,152	88,027	106,210	2	67%

The Top 20% of ARCpoint Labs Businesses averaged \$580,748 in Gross Sales, the Middle 60% averaged \$187,565 and the Bottom 20% averaged \$88,027.

**Table 19.1c**  
**2021 Gross Sales Analysis**

For the period from January 1, 2021 to December 31, 2021

The Gross Sales data represented below is based upon the business records and financial statements prepared by the 61 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2021 to December 31, 2021; and (b) were in business 24 months or more as of December 31, 2021. Of the 61 ARCpoint Labs Businesses represented in the following table, Gross Sales ranged from \$75,675 to \$6,246,440:

Segment	# Of Franchises Locations Whose Gross Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20%	12	2,241,946	6,246,440	3,460,054	3,073,169	5	42%
Middle 60%	37	281,850	2,232,893	940,255	767,676	16	43%
Bottom 20%	12	75,675	279,332	172,696	178,810	6	50%

The Top 20% of these ARCpoint Labs Businesses averaged \$3,460,054 in Gross Sales, the Middle 60% averaged \$940,255 and the Bottom 20% averaged \$172,696.

**Table 19.1d**  
**2021 Gross Sales Analysis**

For the period from January 1, 2021 to December 31, 2021

The Gross Sales data represented below is based upon the business records and financial statements prepared by the 7 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2021 to December 31, 2021; and (b) were in business for between 12 and 24 months as of December 31, 2021. Of the 7 ARCpoint Labs Businesses represented in the following table, Gross Sales ranged from \$130,034 to \$2,259,963:

Segment	# Of Franchises Locations Whose Gross Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20%	1	2,259,963	2,259,963	2,259,963	2,259,963	1	100%
Middle 60%	5	594,451	1,594,385	1,129,638	998,514	2	40%
Bottom 20%	1	130,034	130,034	130,034	130,034	1	100%

The Top 20% of these ARCpoint Labs Businesses averaged \$2,259,963 in Gross Sales, the Middle 60% averaged \$1,129,638 and the Bottom 20% averaged \$130,034.

**Table 19.1e**  
**2020 Gross Sales Analysis**

For the period from January 1, 2020 to December 31, 2020

The Gross Sales data represented below is based upon the business records and financial statements prepared by the 62 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2020 to December 31, 2020; and (b) were in business 24 months or more as of December 31, 2020. Of the 62 ARCpoint Labs Businesses represented in the following table, Gross Sales ranged from \$13,572 to \$6,263,476:

Segment	# Of Franchises Locations Whose Gross Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20%	12	1,500,525	6,263,476	2,794,187	2,130,780	2	17%
Middle 60%	38	172,294	1,463,457	621,060	547,314	16	42%
Bottom 20%	12	13,572	164,998	99,202	103,397	7	58%

The Top 20% of these ARCpoint Labs Businesses averaged \$2,794,187 in Gross Sales, the Middle 60% averaged \$621,060 and the Bottom 20% averaged \$99,202.

**Table 19.1f**  
**2020 Gross Sales Analysis**

For the period from January 1, 2020 to December 31, 2020

The Gross Sales data represented below is based upon the business records and financial statements prepared by the 10 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2020 to December 31, 2020; and (b) were in business for between 12 and 24 months as of December 31, 2020. Of the 10 ARCpoint Labs Businesses represented in the following table, Gross Sales ranged from \$180,866 to \$2,124,121:

Segment	# Of Franchises Locations Whose Gross Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20%	2	1,017,734	2,124,121	1,570,927	1,570,927	1	50%
Middle 60%	6	272,578	682,352	443,103	436,452	3	50%
Bottom 20%	2	180,866	202,670	191,768	191,768	1	50%

The Top 20% of these ARCpoint Labs Businesses averaged \$1,570,927 in Gross Sales, the Middle 60% averaged \$443,103 and the Bottom 20% averaged \$191,768.

**Table 19.1g**  
**2019 Gross Sales Analysis**

For the period from January 1, 2019 to December 31, 2019

The Gross Sales data represented below is based upon the business records and financial statements prepared by the 63 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2019 to December 31, 2019; and (b) were in business 24 months or more as of December 31, 2019. Of the 63 ARCpoint Labs Businesses represented in the following table, Gross Sales ranged from \$39,980 to \$718,816:

Segment	# Of Franchises Locations Whose Gross Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20%	13	366,207	718,816	507,075	468,191	6	46%
Middle 60%	37	135,304	350,751	233,846	232,755	18	49%
Bottom 20%	13	39,980	126,520	92,402	100,721	7	54%

The Top 20% of these ARCpoint Labs Businesses averaged \$507,075 in Gross Sales, the Middle 60% averaged \$233,846 and the Bottom 20% averaged \$92,402.

**Table 19.1h**  
**2019 Gross Sales Analysis**

For the period from January 1, 2019 to December 31, 2019

The Gross Sales data represented below is based upon the business records and financial statements prepared by the 4 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2019 to December 31, 2019; and (b) were in business for between 12 and 24 months as of December 31, 2019. Of the 4 ARCpoint Labs Businesses represented in the following table, Gross Sales ranged from \$67,887 to \$324,279:

Segment	# Of Franchises Locations Whose Gross Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20%	1	324,279	324,279	324,279	324,279	--	0%
Middle 60%	2	97,912	114,019	105,966	105,966	1	50%
Bottom 20%	1	67,887	67,887	67,887	67,887	--	0%

The Top 20% of these ARCpoint Labs Businesses averaged \$324,279 in Gross Sales, the Middle 60% averaged \$105,966 and the Bottom 20% averaged \$67,887.

Notes to Tables 19.1a through 19.1h:

1. Results above exclude Gross Sales from labs operated by our affiliates ACL and ODS and their respective subsidiaries.

2. "Gross Sales" is the total revenue derived of all products and services sold at, from, or through your ARCpoint Labs Business whether or not sold or performed at or from the ARCpoint Labs Business, including the full redemption value of any gift certificate or coupon sold for use at the ARCpoint Labs Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and all income of every other kind and nature related to the ARCpoint Labs Business operation, whether for cash or credit, and regardless of collection in the case of credit.

3.



4. From January 1, 2022 to December 31, 2022, there were 6 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data. From January 1, 2021 to December 31, 2021, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

5. From January 1, 2020 to December 31, 2020, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

6. From January 1, 2019 to December 31, 2019, there were 17 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

**Table 19.1i**  
**2022 Clinical Program Sales Analysis**  
For the period from January 1, 2022 to December 31, 2022

The Clinical Program sales data represented below is based upon the business records and financial statements prepared by the 59 ARCpoint Labs Businesses that: (a) reported COVID-test related clinical sales data for each of the 12 months in the period from January 1, 2022 to December 31, 2022; and (b) were in business 12 months or more as of December 31, 2022. Of the 59 ARCpoint Labs Businesses represented in the following table, Clinical Program sales ranged from (\$996) to \$3,900,755:

Segment	# Of Franchises Locations Whose Clinical Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20% Clinical Sales	12	601,576	3,900,755	1,261,708	1,076,232	5	42%
Middle 60% Clinical Sales	35	32,431	567,596	218,663	155,144	14	40%
Bottom 20% Clinical Sales	12	(996)	19,368	6,945	5,989	6	50%

The Top 20% of these ARCpoint Labs Businesses averaged \$1,261,708 in Clinical Program sales, the Middle 60% averaged \$218,663 and the Bottom 20% averaged \$6,945.

Notes to Table 19.1i:

1. Clinical Program sales include Gross Sales from a variety of clinical products and services in addition to COVID-related clinical services. However, during the period reflected herein from January 1, 2022 to December 31, 2022, COVID-related testing constitutes more than 85% of Clinical Program sales.

2. Results above exclude Clinical Program sales from labs operated by our affiliates ACL and ODS and their respective subsidiaries.

3. From January 1, 2022 to December 31, 2022, there were 6 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

**Table 19.1j**  
**2021 Clinical Program Sales Analysis**  
For the period from January 1, 2021 to December 31, 2021

The Clinical Program sales data represented below is based upon the business records and financial statements prepared by the 47 ARCpoint Labs Businesses that: (a) reported COVID-test related clinical sales data for each of the 12 months in the period from January 1, 2021 to December 31, 2021; and (b) were in business 12 months or more as of December 31, 2021. Of the 47 ARCpoint Labs Businesses represented in the following table, Clinical Program sales ranged from \$27,326 to \$3,553,886:

Segment	# Of Franchises Locations Whose Clinical Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20% Clinical Sales	9	1,956,553	3,553,886	2,620,723	2,556,409	4	44%
Middle 60% Clinical Sales	29	140,313	1,856,991	699,589	492,942	14	48%
Bottom 20% Clinical Sales	9	27,326	130,346	87,893	96,912	5	56%

The Top 20% of these ARCpoint Labs Businesses averaged \$2,620,723 in Clinical Program sales, the Middle 60% averaged \$699,589 and the Bottom 20% averaged \$87,893.

Notes to Table 19.1j:

1. Clinical Program sales includes Gross Sales from a variety of clinical products and services in addition to COVID-related clinical services. However, during the period reflected herein from January 1, 2021 to December 31, 2021, COVID-related testing constitutes more than 90% of Clinical Program sales.
2. Results above exclude Clinical Program sales from labs operated by our affiliates ACL and ODS and their respective subsidiaries.
3. From January 1, 2021 to December 31, 2021, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

**Table 19.1k**  
**2020 Clinical Program Sales Analysis**  
For the period from January 1, 2020 to December 31, 2020

The Clinical Program sales data represented below is based upon the business records and financial statements prepared by the 40 ARCpoint Labs Businesses that: (a) reported COVID-test related clinical sales data for each of the 12 months in the period from January 1, 2020 to December 31, 2020; and (b) were

in business 12 months or more as of December 31, 2020. Of the 40 ARCpoint Labs Businesses represented in the following table, Clinical Program sales ranged from \$1,050 to \$4,471,693:

Segment	# Of Franchises Locations Whose Clinical Sales Were Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20% Clinical Sales	8	709,868	4,471,693	2,124,050	2,116,123	4	50%
Middle 60% Clinical Sales	24	102,125	697,366	309,457	247,742	10	42%
Bottom 20% Clinical Sales	8	1,050	101,040	36,453	20,098	3	38%

The Top 20% of these ARCpoint Labs Businesses averaged \$2,124,050 in Clinical Program sales, the Middle 60% averaged \$309,457 and the Bottom 20% averaged \$36,453.

Notes to Table 19.1k:

1. Clinical Program sales includes Gross Sales from a variety of clinical products and services in addition to COVID-related clinical services. However, during the period reflected herein from January 1, 2020 to December 31, 2020, COVID-related testing constitutes the majority of Clinical Program sales.
2. Results above exclude Clinical Program sales from labs operated by our affiliates ACL and ODS and their respective subsidiaries.
3. From January 1, 2020 to December 31, 2020, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

**Table 19.2a**

**2022 Net Operating Income Analysis**

For the period from January 1, 2022 to December 31, 2022

The Net Operating Income data represented below is based upon the business records and financial statements prepared by the 77 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2022 to December 31, 2022; and (b) were in business for between 12 and 24 months, or 24 months or more (as indicated below) as of December 31, 2022.

Set forth in this Table is a comparison table of Gross Sales and certain expenses for ARCpoint Labs Businesses that have been open for between 12 and 24 months and those that have been open greater than or equal to 24 months as of the year ending December 31, 2022. The categories of figures are defined below in the Note 1 below this table.

Segment	# Of Franchisee Locations in Segment	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
<b>Gross Sales</b>							
Open 12-24 months	15	46,720	728,859	246,294	190,173	3	20%
Open >= 24 months	62	56,976	4,511,492	749,353	497,464	26	42%
<b>Cost of Goods Sold (COGS)</b>							
Open 12-24 months	15	-	152,048	36,031	16,911	15	100%
Open >= 24 months	62	(6,023)	942,513	139,834	55,908	56	90%
<b>Gross Profit (GP)</b>							
Open 12-24 months	15	46,431	576,811	210,263	152,895	1	7%
Open >= 24 months	62	55,905	3,568,978	609,519	401,488	26	42%
<b>General Administrative Expenses (G&amp;A)</b>							
Open 12-24 months	15	33,812	630,794	235,153	164,468	4	27%
Open >= 24 months	62	-	1,845,183	438,630	316,240	22	35%
<b>Net Operating Income (NOI)</b>							
Open 12-24 months	15	(247,651)	176,938	(24,890)	(3,587)	2	13%
Open >= 24 months	62	(131,097)	1,772,330	170,889	41,291	22	35%

**Table 19.2b**  
**2021 Net Operating Income Analysis**  
For the period from January 1, 2021 to December 31, 2021

The Net Operating Income data represented below is based upon the business records and financial statements prepared by the 68 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2021 to December 31, 2021; and (b) were in business for between 12 and 24 months, or 24 months or more (as indicated below) as of December 31, 2021.

Set forth in this Table is a comparison table of Gross Sales and certain expenses for ARCpoint Labs Businesses that have been open for between 12 and 24 months and those that have been open greater than or equal to 24 months as of the year ending December 31, 2021. The categories of figures are defined below in the Note 1 below this table.

Segment	# Of Franchisee Locations in Segment	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
<b>Gross Sales</b>							
Open 12-24 months	7	130,034	2,259,963	1,148,312	998,514	3	43%
Open >= 24 months	61	75,675	6,246,440	1,284,958	767,676	21	34%
<b>Cost of Goods Sold (COGS)</b>							
Open 12-24 months	7	(4,211)	713,786	324,257	426,627	4	57%
Open >= 24 months	61	(89)	1,972,845	278,355	110,379	19	31%
<b>Gross Profit (GP)</b>							
Open 12-24 months	7	112,699	1,546,177	824,055	938,154	4	57%
Open >= 24 months	61	52,784	4,273,595	1,006,603	612,616	20	33%

24 months							
<b>General Administrative Expenses (G&amp;A)</b>							
Open 12-24 months	7	11,693	1,292,603	617,246	535,359	3	43%
Open >= 24 months	61	(13,443)	2,915,234	583,185	388,900	16	26%
<b>Net Operating Income (NOI)</b>							
Open 12-24 months	7	36,528	511,353	206,810	206,310	3	43%
Open >= 24 months	61	(30,585)	2,492,504	423,419	201,202	21	34%

**Table 19.2c**  
**2020 Net Operating Income Analysis**  
For the period from January 1, 2020 to December 31, 2020

The Net Operating Income data represented below is based upon the business records and financial statements prepared by the 72 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2020 to December 31, 2020; and (b) were in business for between 12 and 24 months, or 24 months or more (as indicated below) as of December 31, 2020.

Set forth in this Table is a comparison table of Gross Sales and certain expenses for ARCpoint Labs Businesses that have been open for between 12 and 24 months and those that have been open greater than or equal to 24 months as of the year ending December 31, 2020. The categories of figures are defined below in the Note 1 below this table.

Segment	# Of Franchisee Locations in Segment	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
<b>Gross Sales</b>							
Open 12-24 months	10	180,866	2,124,121	618,401	436,452	3	30%
Open >= 24 months	62	13,572	6,263,476	940,661	547,314	19	31%
<b>Cost of Goods Sold (COGS)</b>							
Open 12-24 months	10	--	771,975	142,962	65,914	2	20%
Open >= 24 months	62	(300)	2,000,162	230,916	84,295	18	29%
<b>Gross Profit (GP)</b>							
Open 12-24 months	10	179,236	1,352,146	475,962	309,286	3	30%
Open >= 24 months	62	13,572	4,411,597	709,745	413,472	19	31%
<b>General Administrative Expenses (G&amp;A)</b>							
Open 12-24 months	10	--	966,682	279,720	171,527	3	30%
Open >= 24 months	62	(11)	2,033,990	316,942	163,748	21	34%
<b>Net Operating Income (NOI)</b>							
Open 12-24 months	10	19,072	425,764	195,719	196,982	5	50%
Open >= 24 months	62	(374,153)	3,374,193	392,803	174,457	20	32%

Notes to Tables 19.2a through 19.2c:

1. The tables above provide results for the included ARCpoint Labs Businesses by age of the business in distinct categories: Gross Sales, Cost of Goods Sold (COGS), Gross Profit (GP), General & Administrative Expenses (G&A), and Net Operating Income (NOI) for the year ending on the dates identified above. Cost of Goods Sold (COGS) is defined as all costs associated with Gross Sales. Gross Profit (GP) is defined as profit after COGS, but before G&A Expenses are paid. General and Administrative Expenses (G&A) is defined as general overhead expenses for the business including, but not limited to: rent, utilities, office salaries, taxes, etc. NOI is defined as income (earnings) after G&A expenses.

2. Results above exclude Net Operating data from labs operated by our affiliates ACL and ODS and their respective subsidiaries

3. From January 1, 2022 to December 31, 2022, there were 6 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

4. From January 1, 2021 to December 31, 2021, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

5. From January 1, 2020 to December 31, 2020, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

**Table 19.2d**  
**2022 Net Operating Income Analysis – Top 20%, Middle 60%, Bottom 20%**  
For the period from January 1, 2022 to December 31, 2022

The Net Operating Income data represented below is based upon the business records and financial statements prepared by the 77 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2022 to December 31, 2022; and (b) were in business 12 months or more as of December 31, 2022. Of the 77 franchised locations represented in the following table, Net Operating Income ranged from \$(247,651) to \$1,772,330:

Segment	# Of Franchises Locations Whose Net Operating Income Was Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20% Net Operating Income	15	270,833	1,772,330	626,970	589,463	6	40%
Middle 60% Net Operating Income	47	(40,510)	263,064	54,989	32,789	16	34%
Bottom 20% Net Operating Income	15	(247,651)	(71,293)	(117,819)	(110,111)	10	67%

The Top 20% of these ARCpoint Lab Businesses averaged \$626,970 in Net Operating Income, the Middle 60% averaged \$54,989 and the Bottom 20% averaged \$(117,819).

**Table 19.2e**  
**2021 Net Operating Income Analysis – Top 20%, Middle 60%, Bottom 20%**  
For the period from January 1, 2021 to December 31, 2021

The Net Operating Income data represented below is based upon the business records and financial statements prepared by the 68 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2021 to December 31, 2021; and (b) were in business 12 months or more as of December 31, 2021. Of the 69 franchised locations represented in the following table, Net Operating Income ranged from \$(30,585) to \$2,492,504:

Segment	# Of Franchises Locations Whose Net Operating Income Was Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20% Net Operating Income	14	519,697	2,492,504	1,248,056	1,110,740	6	43%
Middle 60% Net Operating Income	40	50,047	511,353	239,843	203,756	16	40%
Bottom 20% Net Operating Income	14	(30,585)	46,505	14,979	12,551	6	43%

The Top 20% of these ARCpoint Lab Businesses averaged \$1,248,056 in Net Operating Income, the Middle 60% averaged \$239,843 and the Bottom 20% averaged \$14,979.

**Table 19.2f**  
**2020 Net Operating Income Analysis – Top 20%, Middle 60%, Bottom 20%**

For the period from January 1, 2020 to December 31, 2020

The Net Operating Income data represented below is based upon the business records and financial statements prepared by the 72 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2020 to December 31, 2020; and (b) were in business 12 months or more as of December 31, 2020. Of the 72 franchised locations represented in the following table, Net Operating Income ranged from \$(374,153) to \$3,374,193:

Segment	# Of Franchises Locations Whose Net Operating Income Was Within Each Range	Low	High	Average	Median	# Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average	% Of Franchisee Locations Within Each Range That Attained Or Surpassed The Range's Average
Top 20% Net Operating Income	14	465,106	3,374,193	1,271,996	1,002,492	7	50%
Middle 60% Net Operating Income	44	20,305	460,209	204,687	182,574	16	36%
Bottom 20% Net Operating Income	14	(374,153)	19,072	(35,942)	(6,334)	12	86%

The Top 20% of these ARCpoint Lab Businesses averaged \$1,271,996 in Net Operating Income, the Middle 60% averaged \$204,687 and the Bottom 20% averaged \$(35,942).

Notes to Tables 19.2c through 19.2f:

1. Results above exclude Net Operating data from labs operated by our affiliates ACL and ODS and their respective subsidiaries.
2. From January 1, 2022 to December 31, 2022, there were 6 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.
3. From January 1, 2021 to December 31, 2021, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.
4. From January 1, 2020 to December 31, 2020, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.

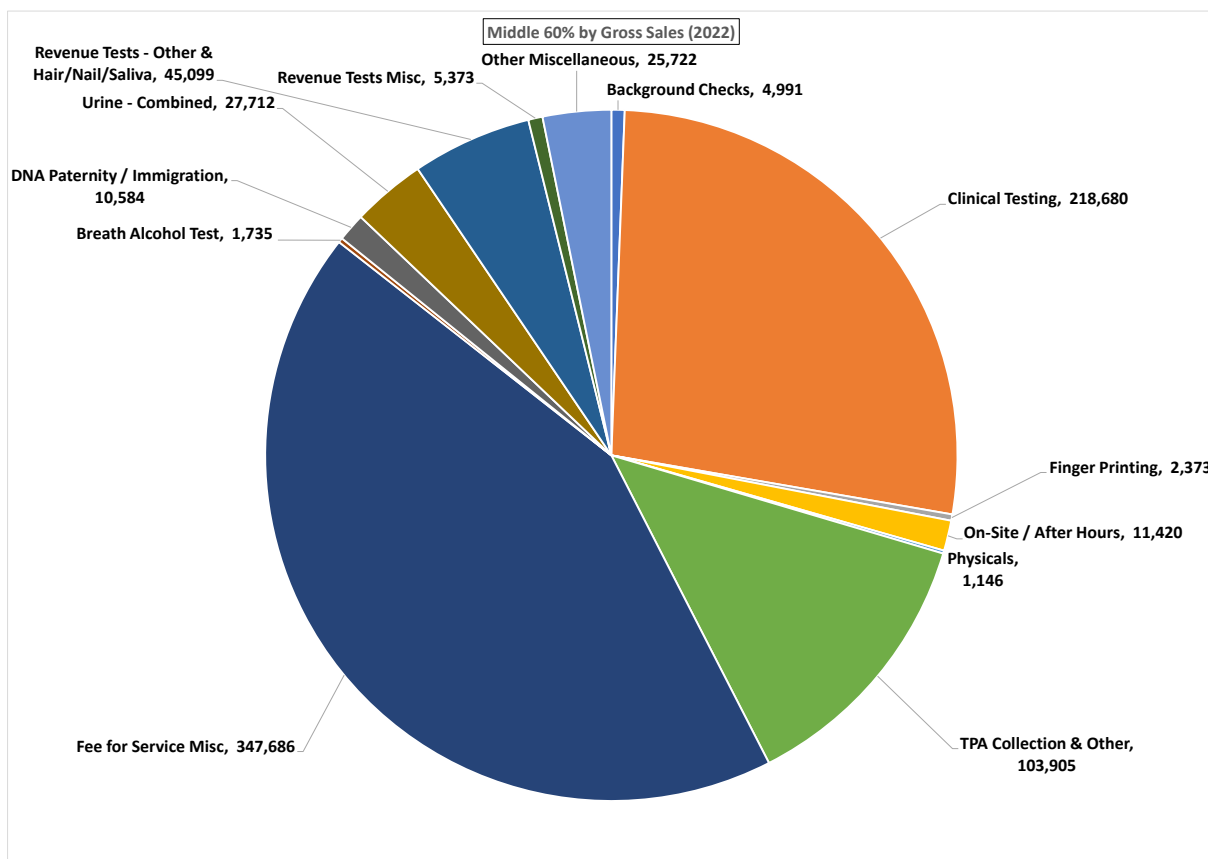
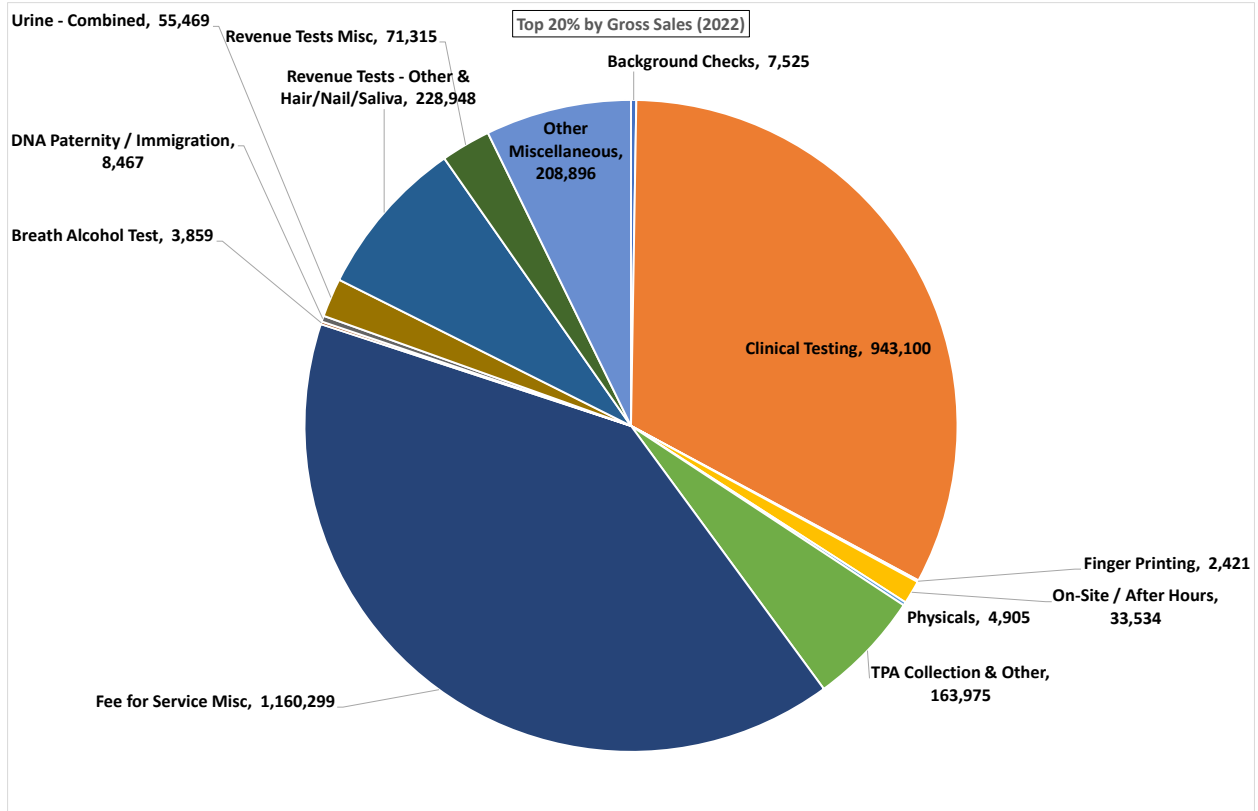
**Table 19.3a**  
**2022 Average Gross Sales by Tests and Services**  
**Provided by the Reporting Group**

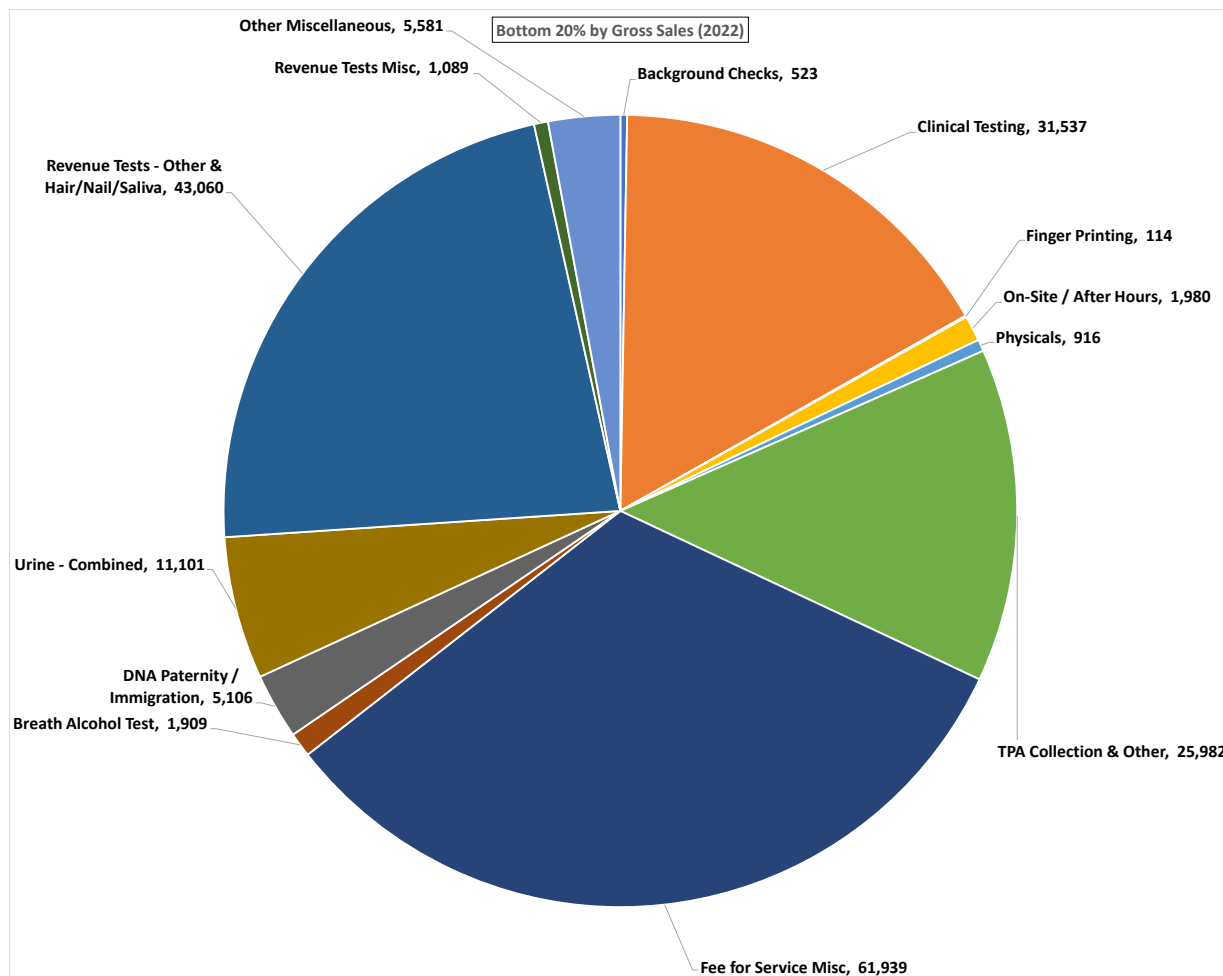


The data represented below is based upon the business records and financial statements prepared by the 77 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2022 to December 31, 2022; and (b) were in business 12 months or more as of December 31, 2022. The following table shows the average Gross Sales per Territory per product/service type sold that were reported in 2022 by these ARCpoint Labs Businesses.

<b>Average Gross Sales per Territory per Product / Service Type</b>		<b>Top 20% by Gross Sales</b>	<b>Middle 60% by Gross Sales</b>	<b>Bottom 20% by Gross Sales</b>
Background Checks		7,525	4,991	523
Clinical Testing		943,100	218,680	31,537
Finger Printing		2,421	2,373	114
On-Site / After Hours		33,534	11,420	1,980
Physicals		4,905	1,146	916
TPA Collection & Other		163,975	103,905	25,982
Fee for Service Misc		1,160,299	347,686	61,939
Total Fee for Service Income		1,108,735	342,032	102,473
Breath Alcohol Test		3,859	1,735	1,909
DNA Paternity / Immigration		8,467	10,584	5,106
Urine - Combined		55,469	27,712	11,101
Revenue Tests - Other & Hair/Nail/Saliva		228,948	45,099	43,060
Revenue Tests Misc		71,315	5,373	1,089
Total Revenue Tests		368,058	90,503	62,265
Other Miscellaneous		208,896	25,722	5,581
Total Gross Sales		1,685,689	458,257	170,319

The data in the table above is also reflected with the same numbers in a graphical form in the charts below.



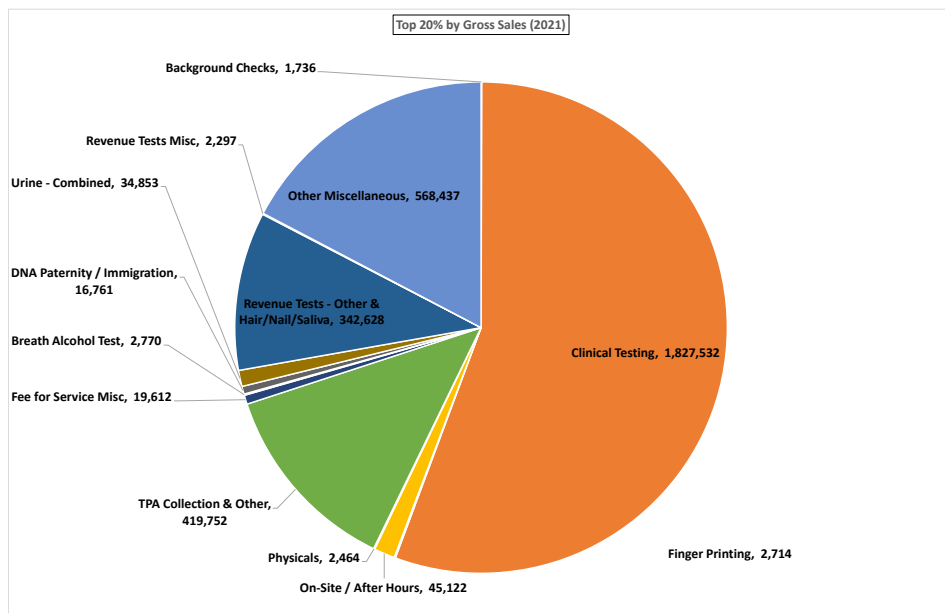


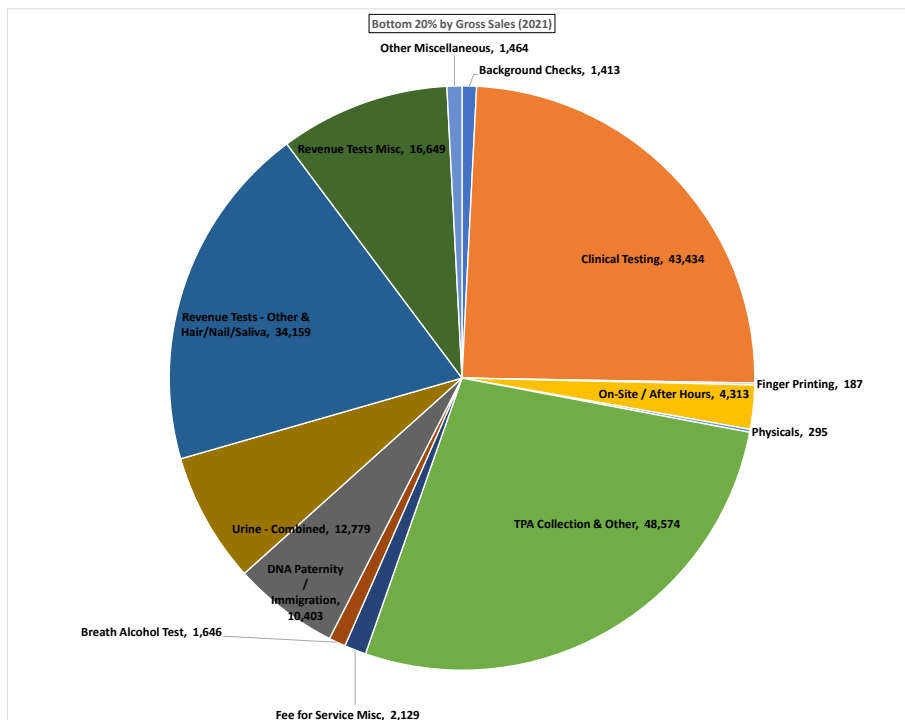
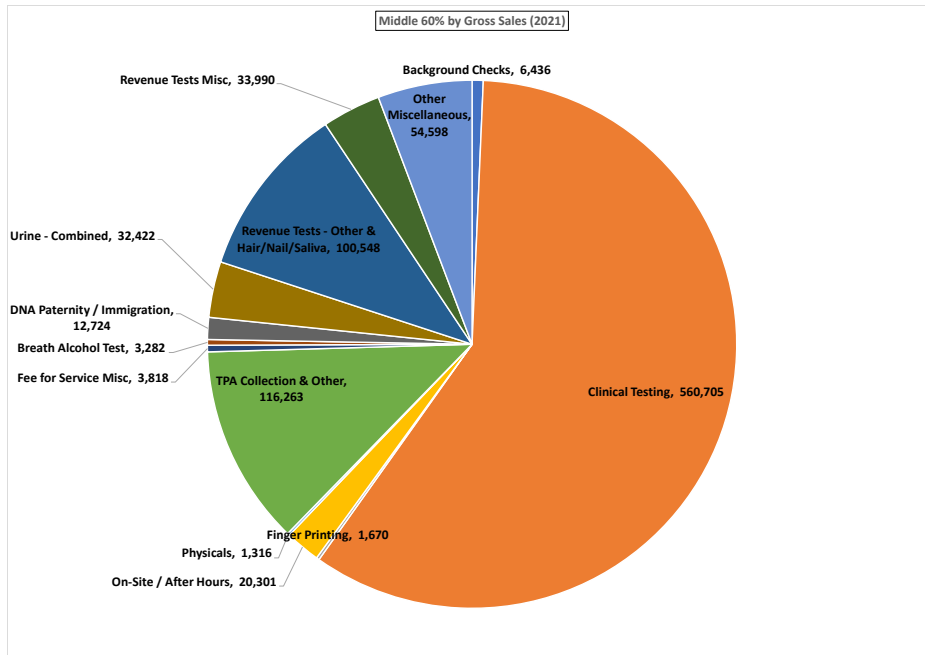
**Table 19.3b**  
**2021 Average Gross Sales by Tests and Services**  
**Provided by the Reporting Group**

The data represented below is based upon the business records and financial statements prepared by the 68 ARCpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period from January 1, 2021 to December 31, 2021; and (b) were in business 12 months or more as of December 31, 2021. The following table shows the average Gross Sales per Territory per product/service type sold that were reported in 2021 by these ARCpoint Labs Businesses.

Average Gross Sales per Territory per Product / Service Type	Top 20% by Gross Sales	Middle 60% by Gross Sales	Bottom 20% by Gross Sales
Background Checks	1,736	6,436	1,413
Clinical Testing	1,827,532	560,705	43,434
Finger Printing	2,714	1,670	187
On-Site / After Hours	45,122	20,301	4,313
Physicals	2,464	1,316	295
TPA Collection & Other	419,752	116,263	48,574
Fee for Service Misc	19,612	3,818	2,129
Total Fee for Service Income	2,318,933	710,509	100,345
Breath Alcohol Test	2,770	3,282	1,646
DNA Paternity / Immigration	16,761	12,724	10,403
Urine - Combined	34,853	32,422	12,779
Revenue Tests - Other & Hair/Nail/Saliva	342,628	100,548	34,159
Revenue Tests Misc	2,297	33,990	16,649
Total Revenue Tests	399,309	182,966	75,636
Other Miscellaneous	568,437	54,598	1,464
Total Gross Sales	3,286,679	948,072	177,445

The data in the table above is also reflected with the same numbers in a graphical form in the charts below.





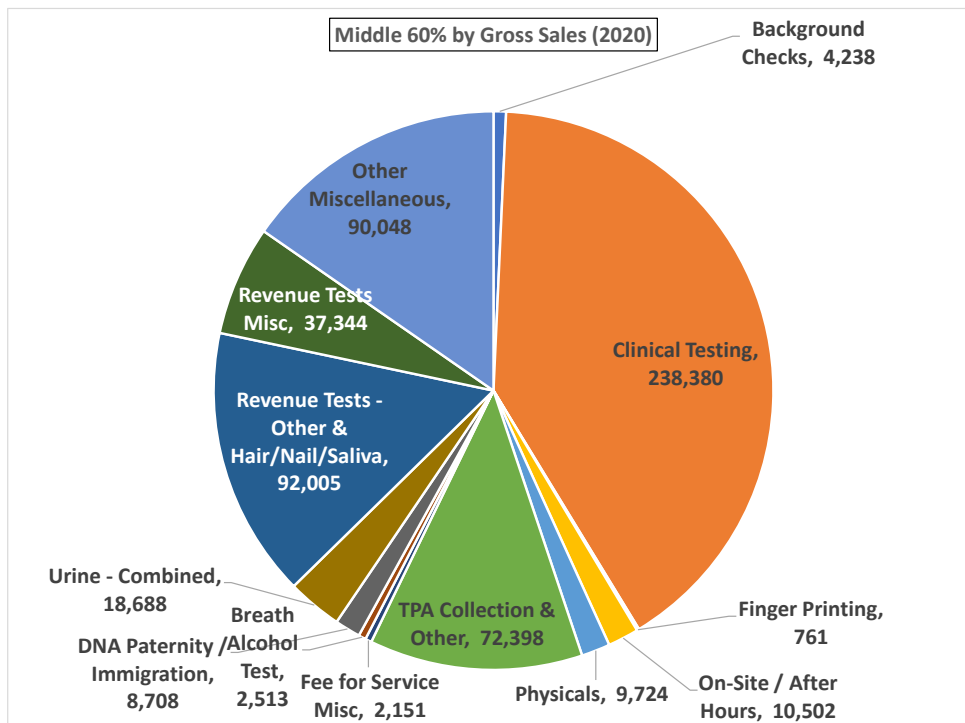
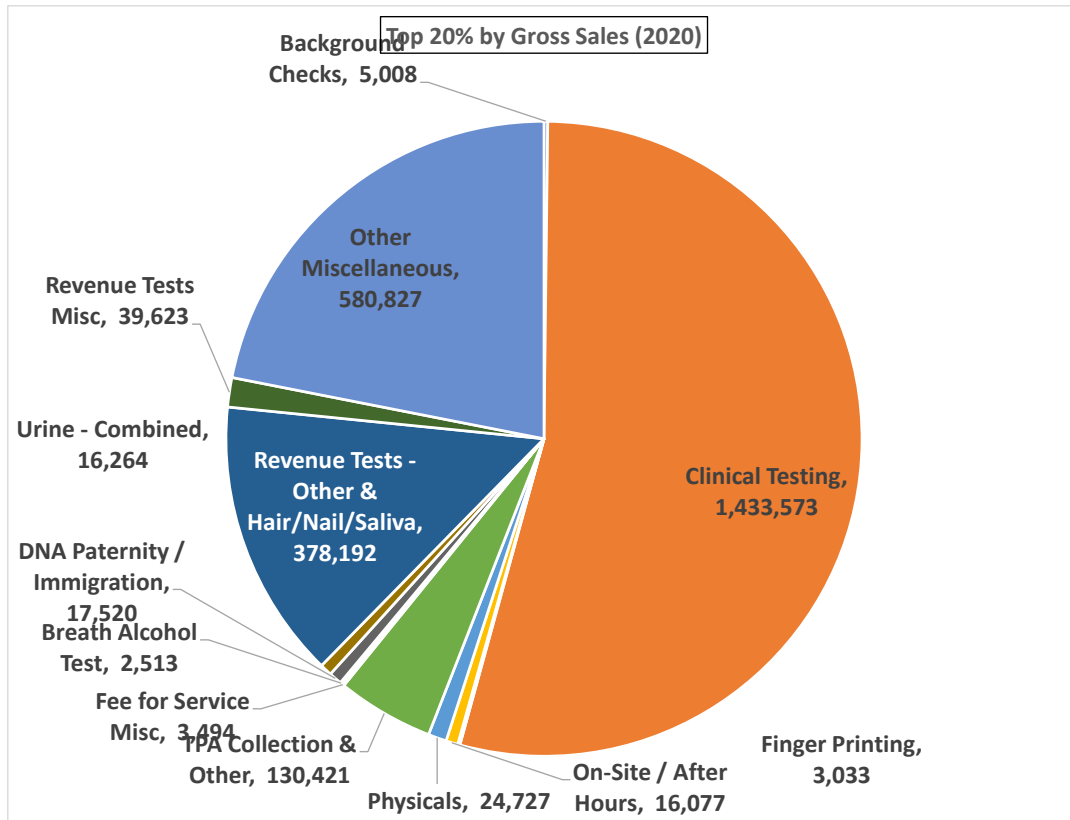
**Table 19.3c**  
**2020 Average Gross Sales by Tests and Services**  
**Provided by the Reporting Group**

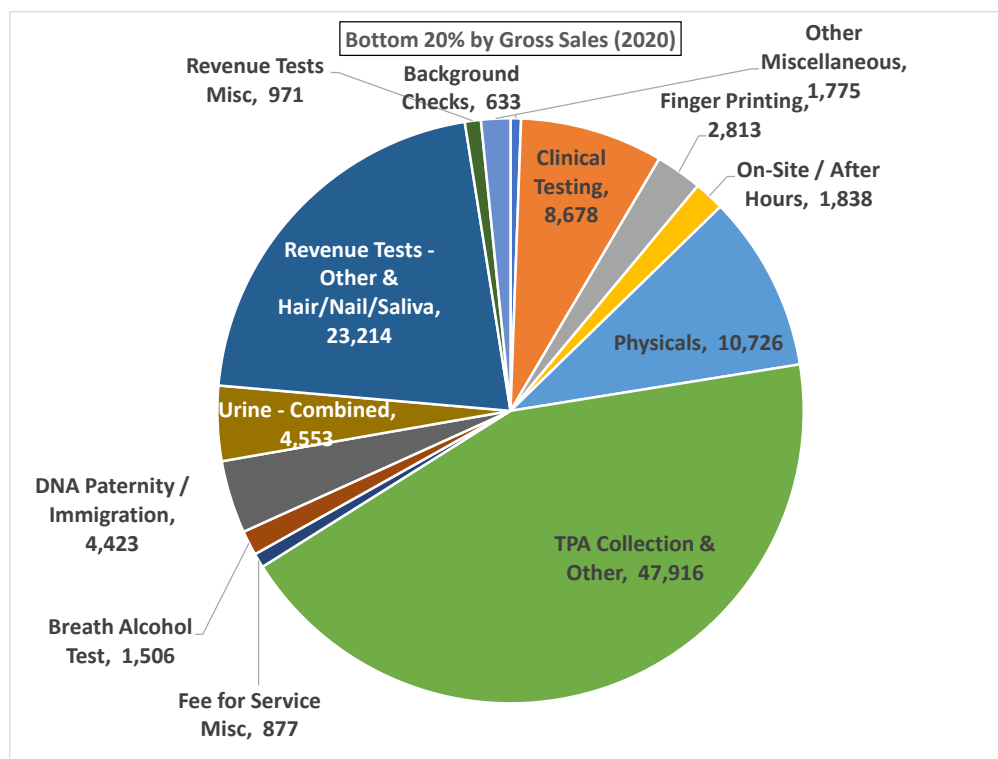
The data represented below is based upon the business records and financial statements prepared by the 72 ARCPpoint Labs Businesses that: (a) reported this data for each of the 12 months in the period

from January 1, 2020 to December 31, 2020; and (b) were in business 12 months or more as of December 31, 2020. The following table shows the average Gross Sales per Territory per product/service type sold that were reported in 2020 by these ARCpoint Labs Businesses.

<b>Average Gross Sales per Territory per Product / Service Type</b>	<b>Top 20% by Gross Sales</b>	<b>Middle 60% by Gross Sales</b>	<b>Bottom 20% by Gross Sales</b>
Background Checks	5,008	4,238	633
Clinical Testing	1,433,573	238,380	8,678
Finger Printing	3,033	761	2,813
On-Site / After Hours	16,077	10,502	1,838
Physicals	24,727	9,724	10,726
TPA Collection & Other	130,421	72,398	47,916
Fee for Service Misc	3,494	2,151	877
Total Fee for Service Income	1,616,335	338,153	73,481
Breath Alcohol Test	2,513	2,513	1,506
DNA Paternity / Immigration	17,520	8,708	4,423
Urine - Combined	16,264	18,688	4,553
Revenue Tests - Other & Hair/Nail/Saliva	378,192	92,005	23,214
Revenue Tests Misc	39,623	37,344	971
Total Revenue Tests	454,112	159,258	34,667
Other Miscellaneous	580,827	90,048	1,775
Total Gross Sales	2,651,273	587,460	109,923

The data in the table above is also reflected with the same numbers in a graphical form in the charts below.





Notes to Tables 19.3a through 19.3c:

1. Results above do not include data from labs operated by our affiliates ACL and ODS and their respective subsidiaries.
2. Notes about Product Mix and Gross Margin:
  - a. Top 20% performers have a higher mix of clinical testing and non-traditional testing modalities such as oral fluid, hair and nail testing that tend to have higher gross margin than the traditional urine testing.
  - b. Collection for TPA Accounts makes up just 13% of the Gross Sales for the top 20% performers and middle 60% performers, while it makes up 27% for the bottom 20% performers.
3. From January 1, 2022 to December 31, 2022, there were 6 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.
4. From January 1, 2021 to December 31, 2021, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.
5. From January 1, 2020 to December 31, 2020, there were 7 franchisee-owned ARCpoint Labs Businesses that closed during this period, none of which had been open for less than 12 months. The outlets that closed during this time period are not included in this data.



## NOTES FOR ALL TABLES

Written substantiation of the data used in preparing the figures in the tables will be made available to you upon reasonable request.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchise. Franchisees or former Franchisees listed in this Franchise Disclosure Document may be one source of information.

Other than the preceding financial performance representation, ARCpoint Franchise Group, LLC does not make any financial performance representations. 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 John Constantine at 101 North Main Street, Suite 301, Greenville, South Carolina 29601 or the Federal Trade Commission, and the appropriate regulatory agencies.

### ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1  
System-wide Outlet Summary  
For Years 2020-2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	93	99	+6
	2021	99	108	+9
	2022	108	124	+16
Company Owned	2020	2	2	0
	2021	2	5	+3
	2022	5	4	-1
Total Outlets	2020	95	101	+6
	2021	101	113	+12
	2022	113	128	+15

\*This chart includes both franchised and company-owned businesses. The company-owned units referred to in this table are owned and operated by our affiliates, ODS and ACL, and their respective subsidiaries. As of December 31, 2022, all franchised and company/affiliate-owned businesses operated under the name ARCpoint or ARCpoint Labs.

Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years 2020-2022

State	Year	Number of Transfers
Arizona	2020	1
	2021	0
	2022	0
California	2020	0
	2021	0
	2022	1
Florida	2020	0
	2021	0
	2022	1
Illinois	2020	0
	2021	0
	2022	1
Minnesota	2020	0
	2021	2
	2022	0
Ohio	2020	0
	2021	1
	2022	0
Pennsylvania	2020	1
	2021	0
	2022	0
Texas	2020	0
	2021	1
	2022	1

State	Year	Number of Transfers
Virginia	2020	0
	2021	0
	2022	1
Washington	2020	0
	2021	1
	2022	0
<b>Totals</b>	<b>2020</b>	<b>2</b>
	<b>2021</b>	<b>5</b>
	<b>2022</b>	<b>5</b>

Table No. 3  
Status of Franchised Outlets  
For Years 2020-2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
California	2020	11	2	0	0	0	0	13
	2021	13	0	1	0	0	0	12
	2022	12	3	0	0	0	2	13
Colorado	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Delaware	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Florida	2020	14	3	1	0	0	0	16
	2021	16	4	0	1	0	1	18
	2022	18	2	0	2	0	0	18

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Georgia	2020	1	0	0	0	0	0	1
	2021	1	3	0	0	0	0	4
	2022	4	2	0	0	0	0	6
Illinois	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
Kansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Massachusetts	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
Minnesota	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
Missouri	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	1	0	0	0	0	0	1
Nevada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	9	0	0	0	0	0	9
	2021	9	1	0	0	0	0	10
	2022	10	2	0	0	0	1	11
Ohio	2020	5	0	0	0	0	1	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Oklahoma	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	6	0	0	0	0	1	5
	2021	5	0	0	0	0	0	5
	2022	5	2	0	0	0	0	7
South Carolina	2020	5	1	2	0	0	0	4
	2021	4	0	0	0	1	0	3
	2022	3	0	0	0	0	0	3
Tennessee	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	1	0	0	0	0	2
Texas	2020	8	2	0	0	0	0	10
	2021	10	3	1	0	0	0	12
	2022	12	6	0	0	0	1	17
Virginia	2020	4	3	0	0	0	0	7
	2021	7	0	1	0	0	0	6
	2022	6	3	0	0	0	1	8

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Washington	2020	4	0	1	0	0	0	3
	2021	3	2	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Washington, DC	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<b>Total</b>	<b>2020</b>	<b>93</b>	<b>13</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>99</b>
	<b>2021</b>	<b>99</b>	<b>18</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>108</b>
	<b>2022</b>	<b>108</b>	<b>23</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>5</b>	<b>124</b>

Table No. 4  
Status of Company-Owned Outlets  
For Years 2020-2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
South Carolina	2020	2	0	0	0	0	2
	2021	2	0	1	0	0	3
	2022	3	0	0	0	0	3
Indiana	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	0	0	1	0	0
Ohio	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
<b>Total</b>	<b>2020</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2021</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2022</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>

\* The five company-owned units at the start of 2022 refer to the units owned and operated by our affiliates, ACL and ODS and their respective subsidiaries.

Table No. 5  
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next Fiscal Year
Alabama	1	0	0
Alaska	1	0	0
Arizona	3	0	0
Arkansas	0	0	0
California	7	3	0
Colorado	0	0	0
Connecticut	1	1	0
Delaware	1	1	0
D. of Columbia	1	0	0
Florida	10	6	0
Georgia	5	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	1	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	1	1	0
Louisiana	2	1	0
Maine	0	0	0
Maryland	2	1	0
Massachusetts	3	1	0
Michigan	0	0	0
Minnesota	1	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	1	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	2	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	7	1	0
North Dakota	0	0	0
Ohio	4	1	0
Oklahoma	2	0	0
Oregon	0	0	0
Pennsylvania	8	1	0
Rhode Island	0	0	0
South Carolina	1	0	0
South Dakota	0	0	0
Tennessee	1	0	0

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Texas	10	5	0
Utah	0	0	0
Vermont	0	0	0
Virginia	7	1	0
Washington	1	0	0
West Virginia	0	0	0
Wisconsin	2	0	0
Wyoming	0	0	0
<b>TOTALS</b>	86	24	0

Exhibit E contains the names, addresses, and telephone numbers of our current franchisees. Exhibit E also contains the name and last known address and telephone number of every current franchisee and every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during our last fiscal year, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System.

#### *Advisory Council*

We have established NAC to enhance communication between the corporate office and franchisees and serve in an advisory capacity with respect to a variety of issues. The NAC consists of both franchisees and corporate representatives, and members are selected as provided in the NAC's bylaws. We have the power to form, change, or dissolve the NAC, at our sole discretion. (See Section 11.4 of the Franchise Agreement.)

Other than the NAC, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit B contains our audited financial statements for our fiscal years ended December 31, 2022, 2021, and 2020.

## **ITEM 22 CONTRACTS**

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit C	Franchise Agreement
	Schedule 1 Franchise Data Sheet
	Schedule 2 Accepted Location And Territory
	Schedule 3 Owner's Agreement
	Schedule 4 Statement Of Ownership



	Schedule 5	Automatic Bank Draft Authorization
	Schedule 6	Form Lease Addendum
	Schedule 7	Form of SBA Addendum to Franchise Agreement
	Schedule 8	State Addenda To The Franchise Agreement
	Schedule 9	Form of Multi-Franchise Addendum
Exhibit G-1		Form of General Release Agreement
Exhibit G-2		Form of System Protection Agreement
Exhibit G-3		Form of Confidentiality Agreement
Exhibit G-4		Form of Promissory Note
Exhibit H		State Effective Dates

## **ITEM 23 RECEIPTS**

There are two copies of a detachable Receipt at the end of this Disclosure Document. Please sign and date both copies, keeping one copy for your records and returning the other copy to us.

**EXHIBIT A**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

Our registered agent in the State of South Carolina is:

Felix Mirando  
355 Woodruff Road, Suite 302  
Greenville, South Carolina 29607

**State Administrators and Agents for Service of Process**

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process in State, if Different than the State Regulatory Agency</b>
<b>California</b>	Commissioner of Department of Financial Protection & Innovation (866) 275-2677 <i>Los Angeles</i> 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013-2344 (213) 897-2085 <i>Los Angeles</i> 300 S. Spring Street Suite 15513 Los Angeles, CA 90013-1259 (213) 897-2085 <i>Sacramento</i> 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 <i>San Diego</i> 1455 Frazee Road Suite 315 San Diego, CA 92108 (619) 610-2093 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
<b>Connecticut</b>	The Banking Commissioner	The Banking Commissioner

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process in State, if Different than the State Regulatory Agency</b>
	The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299	The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299
<b>Hawaii</b>	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street Room 205 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
<b>Illinois</b>	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
<b>Indiana</b>	Indiana Securities Division Secretary of State Franchise Section Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
<b>Kentucky</b>	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	
<b>Maryland</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General – Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process in State, if Different than the State Regulatory Agency</b>
<b>Michigan</b>	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1 <sup>st</sup> Floor Lansing, MI 48909 (517) 373-7117	
<b>Minnesota</b>	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 (800) 657-3602	Minnesota Department of Commerce Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 (800)657-3602
<b>Nebraska</b>	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
<b>New York</b>	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231 (518)-473-2492
<b>North Dakota</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fourteenth Floor, Dept 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard, Suite 414 Bismarck, ND 58505 (701) 328-4712
<b>Oregon</b>	Oregon Division of Financial Regulation 350 Winter Street NE, Suite 410 Salem, Oregon 97301 (503) 378-4140	
<b>Rhode Island</b>	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407	

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process in State, if Different than the State Regulatory Agency</b>
	(401) 462-9500	
<b>South Dakota</b>	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	
<b>Texas</b>	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	
<b>Utah</b>	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
<b>Virginia</b>	State Corporation Commission Division of Securities and Retail Franchising Tyler Building 1300 East Main Street 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
<b>Washington</b>	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8700	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 1 (877) 746-4334
<b>Wisconsin</b>	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-0448	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

**EXHIBIT B**

**FINANCIAL STATEMENTS**  
**[see attached]**

**ARCpoint Franchise Group, LLC**  
**Audited Financial Statements**  
**December 31, 2022**

**Kevin Norton, P.A.**  
**Certified Public Accountant**  
**1451 W. Cypress Creek Road, Suite 300**  
**Ft. Lauderdale, Florida 33309**  
**(954) 822-1223**

To the Owners

March 17, 2023

**Independent Auditor's Report**

***Report on the Financial Statements***

We have audited the accompanying financial statements of ARCpoint Franchise Group, LLC which comprise the balance sheet as of December 31, 2022 and the related consolidated statements of income, comprehensive income, changes in members' equity and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 ARCpoint Franchise Group, LLC as of December 31, 2022 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.

Respectfully submitted,



Kevin Norton, C.P.A.

**Serving the business community since 1985.**



# **ARCpoint Franchise Group, LLC**

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**ARCpoint Group LLC**  
**Balance Sheet**

	December 31, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,981,472	\$ 921,978
Brand Fund restricted cash	1,072,678	1,580,166
Accounts receivable, net	854,629	2,110,052
Prepaid expenses	91,604	38,333
Due from ARCpoint Group	-	128,228
Capitalized commissions	543,596	473,845
Notes receivable	147,895	123,382
	4,691,874	5,375,984
<b>Non-current assets</b>		
Capitalized commissions	2,564,049	2,053,278
Property and equipment	252,394	280,784
Right-of-use assets	475,047	552,082
<b>TOTAL ASSETS</b>	<b>\$ 7,983,364</b>	<b>\$ 8,262,128</b>
<b>LIABILITIES AND DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,649,613	\$ 2,592,076
Due to ARCpoint Inc.	2,821,353	-
Current portion of deferred revenue	1,362,144	1,284,502
Current portion of lease liabilities	52,473	75,545
	5,885,583	3,952,123
<b>Non-current liabilities</b>		
Deferred revenue	6,283,895	4,909,597
Notes payable	2,561,786	2,608,090
Lease liabilities	694,536	723,935
Notes payable - related party	718,498	670,934
<b>TOTAL LIABILITIES</b>	<b>16,144,298</b>	<b>12,864,680</b>
<b>Members' Equity</b>		
Members capital	683,009	683,009
Reserves	(1,699,037)	-
Accumulated deficit	(7,144,906)	(5,285,561)
<b>TOTAL MEMBERS' EQUITY</b>	<b>(8,160,934)</b>	<b>(4,602,552)</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 7,983,364</b>	<b>\$ 8,262,128</b>

See Auditors opinion and notes to the financial statements as an integral part of the financial presentation.

**ARCpoint Group LLC**  
**Income Statement**

	For the years ended December 31,	
	2022	2021
<b>Revenue</b>		
Royalties, lab services and other	\$ 6,275,211	\$ 9,625,556
Brand Fund revenue	1,265,004	2,266,137
<b>Total revenues</b>	<b>7,540,215</b>	<b>11,891,693</b>
<b>Cost of revenue</b>		
Brand Fund expenses	(1,919,136)	(1,511,431)
Commissions	(660,916)	(573,388)
Lab	(29,491)	(56,194)
<b>Gross margin</b>	<b>4,930,673</b>	<b>9,750,680</b>
<b>Expenses</b>		
Amortization and depreciation	105,425	45,096
Bad debt	66,141	143,890
General and administrative	456,747	604,446
Professional fees	946,582	987,815
Rent	(88,399)	5,042
Salary and wages	3,258,541	3,230,197
Sales and marketing	252,143	308,879
Share based compensation	-	3,102
Travel	341,359	362,801
<b>Total expenses</b>	<b>5,338,539</b>	<b>5,691,268</b>
<b>Operating (loss) income</b>	<b>(407,866)</b>	<b>4,059,412</b>
<b>Other items</b>		
Interest expense	(275,474)	(118,271)
Other income	-	252,868
<b>Net (loss) income for the year</b>	<b>\$ (683,340)</b>	<b>\$ 4,194,009</b>

**MEMBERS EQUITY STATEMENT**

Beginning Balance	\$ (4,602,552)	*	\$ (4,403,298)
Distributions	(1,176,000)		(1,741,996)
Return of Capital	(1,699,042)		(2,651,267)
Net Income (Loss)	(683,340)	*	4,194,009
<b>Ending Balance</b>	<b>\$ (8,160,934)</b>		<b>\$ (4,602,552)</b>

\* See Note 9 & 10 regarding revenues deferred readjustment for ASC 606 and Revenue Recognition Note

See Auditors opinion and notes to the financial statements as an integral part of the financial presentation.

**ARCpoint Group LLC**  
**Cash Flow Statement**

	<b>For the years ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>		
Net (loss) income for the period	\$ (683,340)	\$ 4,194,010
Adjusted for:		
Bad debt and expected credit losses	66,141	143,890
Depreciation and amortization	105,425	45,096
Interest accrued	226,260	115,343
Interest paid	49,214	(12,842)
Paycheck Protection Program loan forgiven	-	(251,796)
Share based compensation	-	3,102
Changes in operating working capital:		
Accounts payable and accrued liabilities	(942,468)	(968,752)
Accounts receivable	1,189,282	1,644,194
Brand Fund restricted cash	507,488	(848,625)
Capitalized commissions	(580,522)	(341,419)
Due from (to) related parties	2,949,581	(128,228)
Deferred revenues	1,451,940	328,989
Inventory	-	113,550
Prepaid expenses	(53,271)	44,852
<b>Net cash related to operating activities</b>	<b>4,285,730</b>	<b>4,081,363</b>
<b>Investing Activities</b>		
Additions of property and equipment	-	(300,202)
Advances on notes receivable- other	(66,046)	(76,132)
Repayment on notes receivable- other	41,533	38,490
<b>Net cash related to investing activities</b>	<b>(24,513)</b>	<b>(337,844)</b>
<b>Financing Activities</b>		
Distributions paid	(1,176,000)	(1,741,996)
Lease payments made	(101,687)	-
Repayment of notes payable	(225,000)	(147,168)
Repurchase of unit options	-	(410,743)
Return of capital	(1,699,037)	(2,651,267)
<b>Net cash related to financing activities</b>	<b>(3,201,724)</b>	<b>(4,951,174)</b>
(Decrease) increase in cash and cash equivalents	1,059,494	(1,207,655)
Cash and cash equivalents, beginning of period	921,978	2,129,633
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,981,472</b>	<b>\$ 921,978</b>

See Auditors opinion and notes to the financial statements as an integral part of the financial presentation.

## **ARCpoint Franchise Group, LLC**

Notes to Financial Statements December 31, 2022

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Description of Business Activity**

ARCpoint Franchise Group (the Company) is the franchisor of ARCpoint Labs and supports over 100 independently owned locations. As an industry leader, the Company innovates and offers comprehensive testing services for businesses and individuals, including drug, alcohol and DNA testing, background screenings, plus health and wellness solutions.

The Company sells franchises to individuals nationwide and provides support in the form of marketing, technology and training to new franchisees.

The Company was formed under the laws of the state of South Carolina in February 2005. The main office is located in Greenville, South Carolina.

#### **Basis of Presentation**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (GAAP) as contained in the Accounting Standards Codification (ASC) issued by the Financial Standards Board (FASB) and general practices within the franchise industry. The following is a summary of the significant policies.

#### **Use of Estimates**

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

#### **Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

#### **Accounts Receivable**

Accounts receivable are not stated net of an estimate of the amount of receivables that may not be collected, as required by U.S. generally accepted accounting principles. Instead, the Company has written off bad debt when it has been determined that the account is not collectible.

#### **Other Current Assets**

Other current assets consist primarily of short term loans with affiliates that the Company expects to receive within the next year.

#### **Property and Equipment**

Property and equipment are capitalized at cost and consist primarily of hardware and software for its technology infrastructure, furniture and fixtures. Depreciation is calculated using the straight-line method over estimated useful lives of the assets ranging from three to seven years.

#### **Intangibles**

The Company's intangible asset is comprised of its trademark and is recorded at cost. It is being amortized using the straight-line method over a period of 5 years.

## **ARCpoint Franchise Group, LLC**

Notes to Financial Statements December 31, 2022

### **Revenue Recognition**

The Company recognizes revenue from various sources of revenue including service fees, contracts, advertising, franchise fees and royalties as per GAAP S SFAS #45. Revenues from such sources are recognized as earned upon the completion of work performed. Initial franchise fees are recognized upon the completion of all contractual requirements (or Deferred Revenue until completed), with subsequent other revenues being predominantly classified as royalty fees. ASC 606 was considered and determined, in coordination with management and reflected on the balance sheet as deferred revenues in 2022.

### **Income Taxes**

The Company is an LLC and has elected to be taxed under the provisions of the Partnership rules of the Internal Revenue Code. Under those provisions, the Company does not pay corporate income taxes on its taxable income. Instead, each member is liable for individual income taxes on his respective share of the Company's taxable income. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no tax positions which must be considered for disclosure.

### **Date of Management's Review**

Management has evaluated subsequent events through the date on which the financial statements were available to be issued.

### **NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Company maintains its cash balances at a bank in the Greenville, South Carolina area. The Federal Deposit Insurance Corporation insures the balances up to \$250,000.

### **NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2022 consist of the following:

Furniture and Equipment-	\$ 252,394
Net of Accumulated Depreciation	

### **NOTE 4 – Right of Use Asset**

Leases carried on the balance sheet and amortized straight line..

## **ARCpoint Franchise Group, LLC**

Notes to Financial Statements December 31, 2022

### **NOTE 5 – NOTE PAYABLE**

The long term notes payable of the Company consists primarily of loans with the general partner of the Company of \$2,561,718 million. Additionally, Notes Payable Related Parties are reported at \$718,498

These loans are unsecured and are payable as cash flow allows, at rates ranging from 2.5 to 8 percent per annum.

### **NOTE 6 – RELATED PARTY TRANSACTIONS**

The accompanying financial statements include balances and transactions between the Company and its affiliates, members and other related parties.

The related party transactions were consummated on terms equivalent to those that prevail in arm's length transactions.

### **NOTE 7 – CONCENTRATIONS**

The Company has no significant concentration during 2022 that represented a material impact.

### **NOTE 8 - COMMITMENTS AND CONTINGENCIES**

The company's legal counsel has been contacted, per FASB 5 and ASC 450-20, for any material litigation that might effect the reader of these financial statements. No material issues are present.

### **NOTE 9 – PRIOR PERIOD ADJUSTMENTS**

The Company had prior period adjustments IN 2021 to realign financial statements per ASC 606 (see Note 10).

### **NOTE 10 – FINANCIAL STATEMENTS RESTATED**

The restatement in 2021 was the result of ASC 606 to comply with GAAP and thus reflected accordingly in the balance sheet and income statement reflecting deferred revenues and related expenses from prior years.

**ARCpoint Franchise Group, LLC**  
**Audited Financial Statements**  
**December 31, 2020**



**ARCpoint Franchise Group, LLC**

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**Kevin Norton, P.A.**  
**Certified Public Accountant**  
**1451 W. Cypress Creek Road, Suite 300**  
**Ft. Lauderdale, Florida 33309**  
**(954) 822-1223**

To the Owners

February 24, 2021

**Independent Auditor's Report**

*Report on the Financial Statements*

We have audited the accompanying financial statements of ARCpoint Franchise Group, LLC which comprise the balance sheet as of December 31, 2020 and the related consolidated statements of income, comprehensive income, changes in members' equity and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 ARCpoint Franchise Group, LLC as of December 31, 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.

Respectfully submitted,

***Kevin Norton, CPA***

Kevin Norton, C.P.A.

**Serving the business community since 1985.**

**ARCpoint Franchise Group, LLC****Balance Sheets**

As of December 31, 2020

<b><u>ASSETS</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash and short term Investments	\$ 1,567,523	\$ 62,875
Accounts Receivable - net	714,473	758,417
Prepaid & Other Current Assets	16,763	376,410
Short Term Notes - Related Party	91,012	241,180
	-	-
Total Current Assets	2,389,771	1,438,882
Property & Equipment - net	-	-
Trademark Intangible - net	-	-
Long Term Receivables - Related Party	85,740	135,661
TOTAL ASSETS	\$ 2,475,511	\$ 1,574,543
<b><u>LIABILITIES &amp; EQUITY</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Accounts Payable	\$ 171,281	\$ 357,682
Credit Cards and misc	71,246	187,815
Accrued Expenses	332,189	-
Notes Payable - Current	55,300	57,575
Refundable Deposits	15,000	-
Short Term Loans - COVID EIDL	261,796	-
Total Current Liabilities	906,812	603,072
Long Term Notes Payable	955,203	1,624,459
Escrow - Marketing Fund	702,702	-
TOTAL LIABILITIES	\$ 2,564,717	\$ 2,227,531
<b><u>MEMBERS EQUITY</u></b>		
Capital	\$ 823,639	\$ 823,639
Retained Earnings	\$ (912,845)	\$ (1,476,627)
Total Members Equity	(89,206)	(652,988)
TOTAL - LIABILITIES & EQUITY	\$ 2,475,511	\$ 1,574,543

The accompanying notes are an integral part of these financial statements.

**ARCpoint Franchise Group, LLC**  
**Statement of Income and Members Equity**  
**For the year ended December 31, 2020**

	<u>2020</u>	<u>2019</u>
<u>Revenues:</u>	\$ 6,174,160	\$ 3,326,646
Total Revenue	\$ 6,174,160	\$ 3,326,646
<u>Costs of revenue</u>	\$ 794,493	\$ 371,810
Gross Profit	\$ 5,379,667	\$ 2,954,836
<u>Costs &amp; expenses</u>	\$ 4,452,398	\$ 2,727,933
<u>Operating Income</u>	\$ 927,269	\$ 226,903
<u>Interest Expense &amp; Other</u>	\$ -	\$ -
<u>Net Income</u>	\$ 927,269	\$ 226,903
Retained Earnings Beginning	\$ (1,476,627)	\$ (1,703,530)
Distributions	\$ (368,385)	\$ -
Prior Period Adjustment	\$ 4,898	
Net Income	\$ 927,269	\$ 226,903
Members Equity - Ending	\$ (912,845)	\$ (1,476,627)

The accompanying notes are an integral part of these financial statements.

**ARCpoint Franchise Group, LLC**

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Net Income	\$ 927,269	\$ 226,904
Non cash - depreciation & amortization	0	0
Accounts Receivable - (increase) decrease	43,944	(330,410)
Due From - Mirando - (increase) decrease	359,647	(368,563)
Prepays - (increase) decrease	150,168	
Accounts Payable - increase (decrease)	(186,401)	104,627
Credit Cards Payable - increase (decrease)	(116,569)	(82,738)
Accrued Expenses - increase (decrease)	332,189	(13,500)
Notes Payable - increase (decrease)	(2,275)	7,797
Refundable Deposits - increase (decrease)	15,000	
Loans Payable COVID- current - incr (decr)	261,796	-
Cash Received from Operating Activities	\$ 1,784,768	\$ (455,883)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase / sale of fixed Assets	-	-
Long Term receivable	49,921	1,056,973
	\$ 49,921	\$ 1,056,973
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings (Repayments) on Debt	(669,256)	(717,366)
Escrow Fund	702,702	
Prior Period adjustment	4,898	-
Miscellaneous	0	9,681
Distributions	(368,385)	-
	\$ (330,041)	\$ (707,685)
<b>INCREASE/ (DECREASE) IN CASH</b>	<b>\$ 1,504,648</b>	<b>\$ (106,595)</b>
<b>CASH - Beginning of the year</b>	<b>62,875</b>	<b>169,470</b>
<b>CASH - End of the year</b>	<b>\$ 1,567,523</b>	<b>\$ 62,875</b>

## **ARCpoint Franchise Group, LLC**

Notes to Financial Statements December 31, 2020

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Description of Business Activity

ARCpoint Franchise Group (the Company) is the franchisor of ARCpoint Labs and supports over 100 independently owned locations. As an industry leader, the Company innovates and offers comprehensive testing services for businesses and individuals, including drug, alcohol and DNA testing, background screenings, plus health and wellness solutions.

The Company sells franchises to individuals nationwide and provides support in the form of marketing, technology and training to new franchisees.

The Company was formed under the laws of the state of South Carolina in February 2005. The main office is located in Greenville, South Carolina.

#### Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (GAAP) as contained in the Accounting Standards Codification (ASC) issued by the Financial Standards Board (FASB) and general practices within the franchise industry. The following is a summary of the significant policies.

#### Use of Estimates

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

#### Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

#### Accounts Receivable

Accounts receivable are not stated net of an estimate of the amount of receivables that may not be collected, as required by U.S. generally accepted accounting principles. Instead, the Company has written off bad debt when it has been determined that the account is not collectible.

#### Other Current Assets

Other current assets consist primarily of short term loans with affiliates that the Company expects to receive within the next year.

#### Property and Equipment

Property and equipment are capitalized at cost and consist primarily of hardware and software for its technology infrastructure, furniture and fixtures. Depreciation is calculated using the straight-line method over estimated useful lives of the assets ranging from three to seven years.

#### Intangibles

The Company's intangible asset is comprised of its trademark and is recorded at cost. It is being amortized using the straight-line method over a period of 5 years.

## **ARCpoint Franchise Group, LLC**

Notes to Financial Statements December 31, 2020

### **Revenue Recognition**

The Company recognizes revenue from various sources of revenue including service fees, contracts, advertising, franchise fees and royalties. Revenues from such sources are recognized as earned upon the completion of work performed. Initial franchise fees are recognized upon the completion of all contractual requirements (or Deferred Revenue until completed), with subsequent other revenues being predominantly classified as royalty fees. ASC 606 was considered and determined, in coordination with management, to have no material effect on revenues in 2020.

### **Income Taxes**

The Company is an LLC and has elected to be taxed under the provisions of the Partnership rules of the Internal Revenue Code. Under those provisions, the Company does not pay corporate income taxes on its taxable income. Instead, each member is liable for individual income taxes on his respective share of the Company's taxable income. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no tax positions which must be considered for disclosure.

### **Date of Management's Review**

Management has evaluated subsequent events through the date on which the financial statements were available to be issued.

### **NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Company maintains its cash balances at a bank in the Greenville, South Carolina area. The Federal Deposit Insurance Corporation insures the balances up to \$250,000.

### **NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2020 consist of the following:

Furniture and Equipment	\$ 54,887
Software/Website	\$ 124,339
Less Accumulated Depreciation	(\$ 179,226)
	<u>\$ 0</u>

### **NOTE 4 – INTANGIBLES**

Intangibles at December 31, 2020 consist of its trademark.

Trademark	\$181,863
Less Accumulated Amortization	<u>(\$181,863)</u>
	<u>\$ 0</u>

## **ARCpoint Franchise Group, LLC**

Notes to Financial Statements December 31, 2020

### **NOTE 5 – NOTE PAYABLE**

The long term notes payable of the Company consists primarily of loans with the general partner and relatives of the Company of approximately \$ 955,000. These loans are unsecured and are payable as cash flow allows, at rates ranging from 2.5 to 8 percent per annum.

### **NOTE 6 – RELATED PARTY TRANSACTIONS**

The accompanying financial statements include balances and transactions between the Company and its affiliates, members and other related parties.

The related party transactions were consummated on terms equivalent to those that prevail in arm's length transactions.

### **NOTE 7 – CONCENTRATIONS**

The Company has no significant concentration during 2020 that represented a material impact.

### **NOTE 8 - COMMITMENTS AND CONTINGENCIES**

The company's legal counsel has been contacted, per FASB 5 and ASC 450-20, for any material litigation that might effect the reader of these financial statements. Correspondence returned by such legal counsel is inconclusive as to state anything definitive in these footnotes.

### **Note 9 – Notes Payable:**

The Company utilized the resources available through The Covid 19 relief package.

Payroll Protection Program (PPP) loans are eligible to be forgiven as long as the funds are used for maintaining payroll expense. Economic Injury Disaster Loan (EIDL) are a result of the COVID 19 emergency and were negotiated as a short term loan eligible to be forgiven.



**EXHIBIT C**

**FRANCHISE AGREEMENT**  
**[see attached]**



**ARCPOINT FRANCHISE GROUP, LLC**

**FRANCHISE AGREEMENT**

**Franchisee:** \_\_\_\_\_

**Effective Date:** \_\_\_\_\_

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SCHEDULE 8 STATE ADDENDA TO THE FRANCHISE AGREEMENT

SCHEDULE 9 MULTI-FRANCHISE ADDENDUM

**ARCPOINT FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**

This Franchise Agreement (“**Agreement**”) is made and entered into on the date set forth in **Schedule 1 (“Effective Date”)** by and between **ARCpoint Franchise Group, LLC**, a South Carolina limited liability company, located at 101 North Main Street, Suite 301, Greenville, South Carolina 29601 (“**Franchisor**”) and the franchisee identified in **Schedule 1 (“Franchisee”)**.

**W I T N E S S E T H:**

**WHEREAS**, Franchisor offers franchises for the operation of a business that offers full service lab screening and testing services and other related services to a wide variety of client organizations, including businesses, schools, government, and private individuals that use the service mark, “ARCpoint,” “ARCpoint Labs,” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings, and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Labs Businesses (the “**Marks**”) and the System (defined below) (“**ARCpoint Labs Business(es)**”);

**WHEREAS**, ARCpoint Labs Businesses are operated using a set of uniform standards, procedures, and specifications developed by Franchisor that incorporate Franchisor’s unique methods and high standards of service, including valuable know-how, information, Confidential Information, training, sources and specifications, methods of Internet usage, and research and development, as may from time to time be added to, changed, modified, withdrawn, or otherwise revised by Franchisor (the “**System**”);

**WHEREAS**, the distinguishing characteristics of the System include the confidential operating procedures, the Manual, and the standards and specifications for equipment, products and services, methods of service, management and marketing programs, and sales techniques and strategies, which may be modified during the Term;

**WHEREAS**, Franchisor continues to use, develop, and control the use of the Marks in order to identify for the public the source of products and services marketed under the System, and which represent the System’s high standards of quality, service, and customer satisfaction;

**WHEREAS**, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Marks and the continued uniformity of image to Franchisee, Franchisor, and other franchisees of Franchisor;

**WHEREAS**, Franchisee acknowledges the importance to the System of Franchisor’s high, uniform standards of quality, service, and customer satisfaction, and further recognizes the necessity of opening and operating an ARCpoint Labs Business in conformity with the System;

**WHEREAS**, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor’s present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies, and related matters; and,

**WHEREAS**, Franchisee is aware of the foregoing and desires the right to use the System and in association therewith, the right to use the Marks, and wishes to be assisted and trained to operate an ARCpoint Labs Business pursuant to the provisions and within the territory specified in this Agreement, subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

## **1 DEFINITIONS**

Whenever used in this Agreement, the following words and terms have the following meanings:

**“AAA”** is defined in Section 22.8;

**“Affiliate”** means any entity that controls, is controlled by, or is under common control with Franchisor;

**“Agreement”** means this agreement entitled “ARCpoint Franchise Group, LLC Franchise Agreement” and all instruments supplemental to or in amendment or confirmation hereof;

**“Accepted Location”** means the brick and mortar site for the operation of an ARCpoint Labs Business selected by Franchisee and approved in writing by Franchisor;

**“Approved Supplier(s)”** is defined in in Section 12.1;

**“ARCpoint Labs Business”** is defined in the Preamble;

**“BAT”** is defined in Section 3.2.3;

**“BATI”** is defined in Section 8.5;

**“Brand Fund”** is defined in in Section 11.1;

**“Brand Fund Contribution”** is defined in in Section 3.4.1;

**“Business Records”** is defined in Section 3.16;

**“Claim(s)”** is defined in Section 22.1;

**“CLIA”** is defined in Section 5.5.6;

**“Clinical Program”** is defined in Section 3.2.4;

**“Clinical Audit”** is defined in Section 12.11;

**“Collection Payment”** is defined in Section 2.5.1.

**“Competitive Business”** means any business that offers (or grants franchises or licenses others to operate a business that offers) laboratory services of any type, including, without limitation, high complexity services, moderate complexity services, low complexity services, reference lab services, services to consumers, physicians, hospitals, schools or businesses, testing for food allergies, hormones, blood or toxicology, vaccinations, drug screening, wellness, clinical, or other testing services or testing necessary for advanced regulatory compliance, including drug testing policies for all federal modalities (which includes but is not limited to The Federal Motor Carrier’s Safety Administration **“FMCSA”** and The Department of Transportation **“DOT”**), or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term “Competitive Business” shall not apply to: (a) any business operated by Franchisee under a Franchise

Agreement with Franchisor; or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

**“Computer System”** is defined in Section 3.15;

**“Confidential Information”** means any information or matter that is valuable to Franchisor because it is not generally known by the public the disclosure of which would put Franchisor and its Affiliates at a competitive disadvantage, whether or not in written or tangible form, and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating the ARCpoint Labs Business, product specifications, operational and production techniques and methods, recordkeeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, strategic plans, including expansion strategies and targeted demographics, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development (including market research), lists of franchisees and suppliers, suggested pricing and cost information, knowledge of operating results and financial performance of ARCpoint Labs Businesses other than the ARCpoint Labs Business granted to Franchisee, and all data generated by, or used or developed in operating the ARCpoint Labs Business granted to Franchisee) and any other information or material identified to Franchisee by Franchisor as confidential;

**“Controlled Entity”** is defined in Section 17.3.1;

**“Copyrights”** is defined in Section 6.1;

**“CPC”** is defined in Section 3.2.2;

**“Credit Card Vendors”** is defined in Section 3.15;

**“Customer Information”** is defined in Section 7.7.

**“Data Breach”** is defined in Section 7.8.

**“DATIA”** is defined in Section 8.2;

**“Designated Manager”** means the individual designated by Franchisee, and approved by Franchisor, as having primary responsibility for managing the day-to-day affairs of the ARCpoint Labs Business;

**“Development Milestones”** is defined in Section 5.8;

**“Effective Date”** is defined in the Preamble;

**“EFT”** is defined in Section 3.3.2;

**“Election Notice”** is defined in Section 4.3.2;

**“Event of Default”** is defined in Section 14.1;

**“Existing Franchise Owner”** is defined in Section 17.2.7;

**“Franchise Disclosure Document”** means the disclosure document delivered to Franchisee in connection with Franchisee’s consideration of the purchase of the ARCpoint Labs Business;

**“Franchisee”** is defined in the Preamble;

**“Franchisor”** is defined in the Preamble;

**“Franchisor Cure Period”** is defined in Section 22.7;

**“Franchisor Indemnitees”** is defined in Section 20.2;

**“Generally Accepted Accounting Principles”** or **“GAAP”** means the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

**“Gross Sales”** means the total selling price of all products and services sold at, from, or through Franchisee’s ARCpoint Labs Business, whether through Lab Operations or Onsite/Online Operations and whether or not sold or performed at or from the Accepted Location, including the full redemption value of any gift certificate or coupon sold for use at the ARCpoint Labs Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and all income of every other kind and nature related to the ARCpoint Labs Business operation, whether for cash or credit, and regardless of collection in the case of credit;

**“Gross Sales Report”** is defined in Section 3.8;

**“HIPAA”** is defined in Section 3.5.4;

**“Immediate Family Member”** is defined in Section 17.4.1;

**“Incapacity”** means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the ARCpoint Labs Business on a regular basis by reason of any continuing physical, mental, or emotional condition, chemical dependency, or other limitation;

**“Initial Franchise Fee”** is defined in in Section 3.1;

**“Initial Technology Fee”** is defined in Section 3.5.1;

**“Initial Term”** is defined in Section 4.1;

**“Initial Training”** is defined in Section 8.1;

**“Initial Training Fee”** is defined in Section 3.2.1;

**“Internal Dispute Resolution”** is defined in Section 22.7;

**“Internet”** means any one or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

**“Lab Operations”** means the testing, screening and related products and services provided at Franchisee’s brick-and-mortar ARCpoint Labs retail location;

**“Legal Requirements”** means applicable laws, statutes, regulations, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial, administrative, ministerial, governmental, or regulatory judgments, orders, decisions, rulings or awards and restraints, or any provisions of the same, including general principles of common and civil law.



**“Local Advertising Requirement”** is defined in in Section 11.2;

**“Managing Owner”** means any one of Franchisee’s owners, if Franchisee is an entity, who is a natural person with at least a 25% ownership interest and voting power in Franchisee, and that manages the ARCpoint Labs Business and is responsible for making decisions for the Franchisee.

**“Manual”** means the System Standards and confidential operations manual and any other items as may be provided, added to, changed, modified, or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures, and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda, and other publications prepared by, or on behalf of, Franchisor;

**“Marks”** is defined in the Preamble;

**“Meetings”** is defined in Section 8.8;

**“Minimum Brand Fund Contribution”** is defined in in Section 3.4.1;

**“Minimum Royalty”** is defined in Section 3.3.1;

**“Monthly Technology Fee”** is defined in Section 3.5.2;

**“NAC”** is defined in Section 11.4;

**“NDASA”** is defined in Section 8.2;

**“Onsite/Online Operations”** means Franchisee’s business of (a) subcontracting with an approved online customer intake and test scheduling platform to permit clients to schedule laboratory services at a variety of collections sites; and (b) providing certain testing, screening and related services and products on-site at clients’ or approved third parties’ businesses located within the Territory;

**“Operations Visit”** is defined in Section 8.5;

**“PPOB”** is defined in Section 2.5.1;

**“Renewal Conditions”** is defined in Section 4.2;

**“Renewal Consent”** is defined in Section 4.3.1;

**“Renewal FDD”** is defined in Section 4.3.1;

**“Renewal Notice”** is defined in Section 4.2.1;

**“Renewal Term”** is defined in Section 4.2;

**“Royalty”** is defined in in Section 3.3.1;

**“Shadowing Visit”** is defined in Section 8.1.

**“Successor Franchise Agreement”** is defined in Section 4.2.7;

“**System**” is defined in the Preamble;

“**System Standards**” is defined in Section 10.1;

“**Territory**” is defined in in Section 2.4;

“**TPA**” means a third-party administrator that acts as the service agent that provides or coordinates one or more drug and/or alcohol testing services to employers with locations that span multiple territories under either a drug-free workplace program or DOT guidelines (each a “**TPA Account**”). TPAs typically provide or coordinate the provision of a number of such services and perform administrative tasks concerning the operation of the employers' drug and alcohol testing programs. TPAs are not “employers” for purposes of Franchisor’s definition;

“**Training Milestones**” is defined in Section 8.6;

“**Transfer**” means any sale, assignment, conveyance, pledge, mortgage, sublicense, or transfer, whether by operation of law or otherwise, any interest in this Agreement, the ARCpoint Labs Business, the Accepted Location used in operating the ARCpoint Labs Business, its assets, or any part or all of the ownership interest in Franchisee; and

“**URLs**” is defined in Section 11.3.

## **2      GRANT OF FRANCHISE; ACCEPTED LOCATION**

### **2.1 Grant**

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions of this Agreement, a revocable, non-exclusive, limited license to use the Marks and System to operate one ARCpoint Labs Business by conducting: (a) Lab Operations at an Accepted Location within the Territory, and (b) Onsite/Online Operations within the Territory.

### **2.2 Accepted Location**

Franchisee shall select an Accepted Location within the Territory according to the process described in Section 5.2, the Manual, and any other writing by Franchisor. Franchisee may operate the Lab Operations portion of the ARCpoint Labs Business only at the Accepted Location within the Territory.

### **2.3 Sub-franchising/Agents**

Franchisee has no right to sublicense the Marks to any person or entity. Except as may be permitted pursuant to Section 17, Franchisee shall not grant any person or entity the right to perform any part of Franchisee’s rights or obligations hereunder.

### **2.4 Territory**

Franchisor grants Franchisee a protected territory based on the designated zip codes as set forth in Schedule 2 (“**Territory**”) to this Agreement. Except as set forth in Section 4.1 and Section 15.1.11, once established and unless otherwise agreed to in writing, the boundaries of the Territory will not be adjusted regardless of whether any of the relied-upon data used for defining the Territory changes over time.

Franchisor will not license the right to another franchisee to open and operate an ARCpoint Labs Business nor will Franchisor operate a business under the Marks within the Territory, provided that

Franchisee is not in default under the terms of the Franchise Agreement. Notwithstanding the foregoing, as of the Effective Date, clients in the Territory may exist that: (a) are already being serviced by another franchisee, either directly or as a TPA, or (b) may be serviced by another franchisee as a TPA in the future due to the location of the client's headquarters. Franchisee may not be able to provide services to those clients. Though Franchisor strives to keep an accounting of clients, Franchisor may not be aware of all accounts being serviced within a Territory.

## **2.5 Rights Reserved to Franchisor**

Except as expressly limited by Section 2.4 above, Franchisor and its Affiliates retain all rights with respect to ARCpoint Labs Businesses, the Marks, and the sale or provision any identical, similar, or dissimilar products and services, and any other activities Franchisor or its Affiliates deems appropriate whenever and wherever Franchisor or its Affiliates desire. Specifically, but without limitation, Franchisor and its Affiliates reserve the following rights:

2.5.1 To solicit, market, advertise, and provide ARCpoint-authorized products and services to customers or accounts in the Territory that: (a) span multiple territories (e.g. TPA Accounts) or (b) require services outside of Franchisee's service offering capabilities. If Franchisor or its Affiliates service an account as TPA that has its principal place of business ("**PPOB**") in the Territory and the TPA Account was originally secured by Franchisee, then a mutually agreed upon revenue sharing arrangement shall be executed between Franchisor and Franchisee. Franchisor reserves the right to require that Franchisor or its Affiliate act as TPA for all TPA Accounts in in the future. In addition, if Franchisee provides any services to a Franchisor or Affiliate account in the Territory, Franchisee will also be entitled to a "**Collection Payment**" in an amount commensurate with the service performed and as set forth by the Franchisor in writing from time to time for the performance of those services.

2.5.2 To operate, and grant others the right to operate, ARCpoint Labs Businesses located anywhere outside the Territory under any terms and conditions they deem appropriate regardless of proximity to the Territory;

2.5.3 To provide, offer, or sell and to grant others the right to provide, offer or sell products and services that are identical or similar to and/or competitive with those products and services provided at ARCpoint Labs Businesses, whether using the Marks or other trademarks or service marks, through any other channels of distribution other than a dedicated ARCpoint Labs brick and mortar retail location, (including, without limitation by electronic means such as the Internet and websites or similar electronic media or telemarketing we or our Affiliates may establish, or other direct marketing sales) inside or outside the Territory under any terms and conditions they deem appropriate;

2.5.4 To market and offer Franchisor's e-commerce services and online laboratory services for sale within the Territory;

2.5.5 To operate, or grant others the right to operate, businesses providing services similar to those offered through the ARCpoint Labs Business inside and outside the Territory under trademarks different from the Marks under any terms and conditions they deem appropriate;

2.5.6 To acquire the assets or ownership interests of one or more businesses providing products and services the same or similar as those provided by ARCpoint Labs Businesses, and franchising, licensing, or creating similar arrangements with respect to these

businesses once acquired, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating (including in the Territory);

2.5.7 To be acquired (regardless of the form of transaction) by a business providing products and services the same as or similar to those provided at ARCpoint Labs Businesses, or by another business, even if such business operates, franchises, and/or licenses Competitive Businesses within the Territory; and

2.5.8 Engage in any activities not expressly forbidden by this Agreement.

## **2.6 Rights Upon Franchisee Default**

Franchisee acknowledges that if Franchisee commits an Event of Default under this Agreement, or is unable or unwilling to provide necessary products or services under this Agreement, Franchisor or its Affiliates may, in addition to the remedies set forth in Section 15 of this Agreement:

2.6.1 establish or operate, and grant others the right to establish or operate, ARCpoint Labs Businesses inside the Territory or service accounts within the Territory;

2.6.2 allow other ARCpoint Labs Businesses or third parties to service accounts within the Territory;

2.6.3 establish or operate, and grant others the right to establish or operate, other businesses within the Territory offering the same or similar products utilizing the Marks; and

2.6.4 reduce the size of the Franchisee's Territory.

## **2.7 Marketing and Solicitation Restrictions**

2.7.1 Franchisee has the right to solicit and pursue all potential businesses ("**B2B Customers**") and individuals ("**B2C Customers**") within the boundaries of the Territory. Franchisor, its Affiliate or another franchisee may serve as the TPA for a B2B Customer within the Territory, in which case Franchisee may only service the TPA Account at the request of the TPA.

2.7.2 Franchisee is prohibited from directly or indirectly soliciting or marketing to potential B2B Customers and B2C Customers located outside of the Territory through any channel, including but not limited to the search engine optimization or pay-per-click programs via the Internet (other than Franchisee's ARCpoint Labs Business website and social media and marketing managed by Franchisor's approved vendors), catalog sales, or telemarketing, without prior written approval from Franchisor or the franchisee who owns the applicable territory.

2.7.3 Franchisee may not advertise in any form of media specifically designed to be seen in a territory other than Franchisee's own (e.g.: advertising in a newspaper whose majority of subscribers live outside of the Territory), without prior written approval from Franchisor or the Franchisee who owns the applicable territory. The management of an approved website or social media accounts via the internet do not fall within this category of prohibited advertising.

2.7.4 If Franchisee establishes an account with a B2B Customer which has its headquarters or PPOB within the Territory, but due to the location of employees or additional locations will require collection services outside of the Territory, Franchisee may either: (a) service the account as a TPA using Franchisor's approved software platform; or (b) request that Franchisor

serve as the TPA. If Franchisee services the account as a TPA, Franchisee shall use commercially reasonable efforts to use ARCpoint Labs Businesses for collections whenever practicable. Notwithstanding the foregoing, this Section 2.7.4 shall only apply if the B2B Customer's policies and procedures regarding testing and vendor selection are made at the corporate level. Franchisor reserves the right to require that Franchisor or its Affiliate serve as TPA for all TPA Accounts in the future.

2.7.5 For any potential state governmental TPA Account, excluding municipal, county, or other government TPA Accounts requiring collections solely within the Territory, Franchisee must notify Franchisor prior to engaging the client. Franchisor may, in its sole discretion, elect to serve as the TPA for such account. For any such account for which Franchisor serves as the TPA, a mutually agreed upon revenue sharing arrangement shall be executed between Franchisor and Franchisee.

2.7.6 If Franchisee receives an unsolicited lead for or a direct request for the performance of services or sale of goods from a potential B2B Customer located within another franchisee's territory, Franchisee may not service the potential account without prior written authorization from the franchisee who owns that territory. Franchisee is encouraged, however, to engage the franchisee to discuss a revenue share, commission, or other form of compensation.

2.7.7 If Franchisee receives an unsolicited lead for or a direct request for the performance of services or sale of goods from a potential B2B Customer in an unowned territory, Franchisee may not service the potential account without prior written authorization from Franchisor, which may be granted in Franchisor's sole discretion but will not be unreasonably withheld. Factors that Franchisor may consider in determining whether to approve a request under this Section 2.7.7 include, without limitation, the size and complexity of the account, Franchisee's experience level, the number and proximity of other franchisees near the account, and the potential that the other territory may be granted to a new franchisee. Upon the sale of the unowned territory, Franchisee may be required to transfer the account to the new franchisee.

2.7.8 If a B2C Customer, unsolicited by Franchisee, schedules an appointment at the ARCpoint Lab Business retail location (regardless of the scheduling method), then Franchisee may service the B2C Customer without prior authorization from us or the franchisee who owns the territory where the B2C Customer resides. In such circumstances, Franchisee is not required to pay any compensation to the other franchisee.

2.7.9 If at any point a disagreement between Franchisee and another franchisee occurs regarding territorial rights of any kind that Franchisor determine cannot be resolved between the parties without outside assistance, the parties will be required to cooperate with Franchisor. Franchisor will give due consideration to all input from all parties, but we retain the ultimate decision-making authority and responsibility for such matters.

### **3 FEES**

#### **3.1 Initial Franchise Fee**

Upon execution of this Agreement, Franchisee shall pay an initial franchise fee ("**Initial Franchise Fee**") to Franchisor in the amount set forth in Schedule 1. The Initial Franchise Fee is consideration for the pre-opening and ongoing assistance that Franchisor provides to allow Franchisee to open and operate Franchisee's ARCpoint Labs Business, including both Franchisee's Onsite/Online Operations and Lab

Operations, as defined in Section 1, use of the Marks, and Franchisor's lost or deferred opportunity to enter into this Agreement with others.

The Initial Franchise Fee shall be paid by cashier's check, money order, or wire transfer. The Initial Franchise Fee shall be deemed to have been fully earned by Franchisor and is non-refundable when paid. Franchisee shall pay all bank or other fees associated with its Initial Franchise Fee payment to Franchisor, when applicable.

### **3.2 Training Fees**

3.2.1 Initial Training Fee. Franchisee shall pay a one-time initial training fee ("**Initial Training Fee**") of \$18,500 upon execution of this Agreement. The Initial Training Fee covers all required training for Franchisee and its Designated Manager, if applicable (or Franchisee's Managing Owner and Designated Manager if Franchisee is an entity). The Initial Training Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable.

3.2.2 New Owner Support Fee. Upon execution of this Agreement, Franchisee must pay Franchisor a "**New Owner Support Fee**" of \$13,500, which covers the cost of Franchisee's mandatory participation in Franchisor's New Owner Support Program. The New Owner Support Program consists of up to 40 hours of support for new owners through Franchisee's startup period, including real estate site selection support, regular check-ins with the Onboarding team, calls, visits and shadow opportunities with existing owners, and additional training on individual service lines. Following the New Owner Support Program, Franchisee will be assigned to a Franchise Business Consultant (FBC) who will coach Franchisee through Franchisee's tenure as an ARCpoint Labs Business. The New Owner Support Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable.

3.2.3 Certified Professional Collector ("CPC") Training and Certification Fee. Franchisee, and all of Franchisee's employees providing specimen-collection services, must complete the CPC training and certification, including exams, as well as the mock collections and proficiency demonstrations for DOT collections, to Franchisor's satisfaction before being qualified to commence the ARCpoint Labs Business. The Initial Training Fee covers the CPC training and certification for four people and is typically completed during the Initial Training. Additional employees must be scheduled to be CPC trained and certified at another time and at an additional cost of \$199 per additional employee, plus any travel expenses incurred by Franchisor, if applicable.

3.2.4 Breath Alcohol Technician ("BAT") Training and Certification Fee. Franchisee, and all of Franchisee's employees providing services, must complete the BAT training and certification, including exams, as well as the mock collections and proficiency demonstrations for DOT collections to Franchisor's satisfaction before being qualified to commence the ARCpoint Labs Business. The Initial Training Fee covers BAT training and certification for four people and is typically completed during Franchisee's Operations onsite visit or via interactive, web-based methods. Additional employees must be scheduled to be BAT trained and certified at another time and at an additional cost of \$199 per additional employee, plus any travel expenses incurred by Franchisor, if applicable.

3.2.5 Clinical Program Fee. Franchisee must pay to Franchisor a nonrefundable fee of \$2,500 upon the execution of this Agreement to cover the costs Franchisor incurs in training Franchisee to operate clinical testing services ("**Clinical Program**"), as well as ensuring Franchisee's ongoing compliance with Franchisor's standards for the Clinical Program.

3.2.6 Sales Training Fee. Franchisee must pay Franchisor a one-time sales training fee (“**Sales Training Fee**”) of \$3,000 when Franchisee signs the Franchise Agreement. This fee covers the cost of providing sales training for Franchisee and its Designated Manager, if applicable (or Franchisee’s Managing Owner and Designated Manager if Franchisee is an entity). This fee is non-refundable and is not uniformly imposed.

### **3.3 Royalty**

3.3.1 Amount. Upon commencement of the Onsite/Online Operations, Franchisee shall pay to Franchisor a monthly fee equal to seven percent (7%) of Gross Sales for the preceding month (“**Royalty**” or “**Royalties**”). Upon the commencement of Franchisee’s Lab Operations or the deadline by which Franchisee is obligated to commence Lab Operations, whichever is earlier, Franchisee shall pay to Franchisor either the Royalty or \$350 per month (“**Minimum Royalty**”), whichever is greater.

3.3.2 Method and Timing of Payment. Franchisee shall pay Royalties (or Minimum Royalty, if applicable) via electronic funds transfer (“**EFT**”) as provided in Section 3.7 or as Franchisor otherwise directs. Franchisee shall pay Royalties (or Minimum Royalty, if applicable) and submit a Gross Sales report reflecting the previous month’s sales (as required by Section 3.10), on or before the 10<sup>th</sup> day of each month. Gross Sales reports shall be submitted monthly, beginning with the first calendar month following the Agreement’s Effective Date (even if a partial month) regardless of whether Royalties are owed for a particular month.

### **3.4 Brand Fund Contribution**

3.4.1 Amount. Upon commencement of the Onsite/Online Operations, as defined in Section 1, Franchisee shall pay to Franchisor a monthly fee equal to two percent (2%) of Gross Sales for the preceding month (“**Brand Fund Contribution**”). Upon the commencement of the Lab Operations, as defined in Section 1, or the deadline by which Franchisee is obligated to commence Lab Operations, whichever is earlier, Franchisee shall pay to Franchisor either the Brand Fund Contribution or \$100 per month (“**Minimum Brand Fund Contribution**”), whichever is greater. The Brand Fund Contribution is for the purposes of funding the Brand Fund and is in addition to the Royalty and other financial obligations due to Franchisor.

3.4.2 Method and Timing of Payment. Franchisee shall pay the Brand Fund Contribution (or Minimum Brand Fund Contribution, if applicable) in the same manner and at the same time as the Royalty (or Minimum Royalty, if applicable).

### **3.5 . Technology and Software Fees**

3.5.1 Initial Technology Fee. Upon execution of this Agreement, Franchisee must pay Franchisor an initial technology fee (“**Initial Technology Fee**”) of \$3,500 upon execution of this Agreement. The Initial Technology Fee is utilized for the initial set-up of the intranet portal, e-mail system, and technology systems for the ARCpoint Labs Business. This fee is fully earned upon execution of this Agreement and is non-refundable.

3.5.2 Monthly Technology Fee. Beginning with the first full month from the Effective Date of this Agreement and until Franchisee commences its Lab Operations, Franchisee shall pay a monthly technology services fee (“**Monthly Technology Fee**”) of \$300 in the same manner and at the same time as the Royalty (or Minimum Royalty, if applicable) payment. Each month after Franchisee commences Lab Operations, Franchisee shall pay a Monthly Technology

Fee of \$450. The Monthly Technology Fee covers ongoing staff support and maintenance of technology systems. Franchisor reserves the right, at its sole discretion, to increase the Monthly Technology Fee in an amount determined by Franchisor, for any reason, including but not limited to an increase in the cost of the items covered by the Monthly Technology Fee, and Franchisee shall pay any increased Technology Fee as Franchisor directs.

3.5.3 Software. Franchisee must pay an operational drug testing software fee to an approved vendor. Franchisee must record all Gross Sales in the financial software Franchisor designates from time to time and operational testing data in approved drug testing software. Franchisee must store all data and information in the software that Franchisor designates, and report data and information in the manner Franchisor specifies. Approved financial reporting software must be installed and updated on the Computer System at all times. Franchisor reserves the right to upgrade, modify, and add new software. Franchisee will be responsible for any costs that result from any upgrades, modifications, or additional software.

3.5.4 HIPAA Compliance Fee. Franchisee shall pay Franchisor, its Affiliate, or another approved vendor Franchisor may designate from time to time the fee set forth in the Manual or otherwise in writing by Franchisor for the approved software and other technology specified by Franchisor to ensure Franchisee is compliant with the requirements of the Healthcare Insurance Portability and Accountability Act, as may be amended (“**HIPAA**”). The HIPAA compliance fee is currently \$950 per year.

3.5.5 OSHA Compliance Fee. Franchisee shall pay Franchisor, its Affiliate, or another approved vendor Franchisor may designate from time to time the fee set forth in the Manual or otherwise in writing by Franchisor for the approved software and other technology specified by Franchisor to ensure Franchisee is compliant with the requirements of the Occupational Safety and Health Act of 1970, as may be amended (“**OSHA**”). The OSHA compliance fee is currently \$250 per year.

### **3.6 Electronic Transfer of Franchisee Payments**

Unless otherwise specified in this Agreement or in the Manual, all payments to Franchisor required under this Agreement shall be made by EFT or other similar means utilizing the Computer System. Franchisee agrees to execute and deliver to Franchisor a fully executed authorization form allowing Franchisor to initiate EFT transactions. Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee’s business bank operating account, as may be necessary to assist in or accomplish payment. Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payment of fees and other amounts payable to Franchisor and any interest charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date. Additionally, if Franchisee is late making a payment, or does not have sufficient funds to transfer to Franchisor for monthly payments, Franchisor has the right to require all future payments by Franchisee be made by cashier’s check, money order, or any other form of payment Franchisor specifies. If any check or EFT payment from Franchisee to Franchisor does not result in the successful conveyance of funds due to insufficient funds, stop payment instructions, or any similar event that is not the fault of Franchisor or a third party involved in the transaction, Franchisee shall pay, upon demand, a non-sufficient funds fee no greater than \$100 per occurrence, or the highest amount allowed by law. Franchisee must reimburse Franchisor for any fees incurred due to Franchisee’s late payment. Once established, Franchisee shall not disallow any required monthly payments to Franchisor without Franchisor’s written consent.



### **3.7 No Offset**

Franchisee must make all payments due Franchisor, including, without limitation the Royalty (or Minimum Royalty, if applicable), without offset, credit, or deduction of any nature. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

### **3.8 Gross Sales Reports**

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("**Gross Sales Report**") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the tenth (10<sup>th</sup>) day of each month. If the tenth (10<sup>th</sup>) day of the month falls on a weekend, Franchisee shall submit the Gross Sales Report on the next business day. Notwithstanding the timely filing of the monthly Gross Sales Report, Franchisee shall pay Royalties as set out in Section 3.3 above and shall incur interest and late fees pursuant to Section 3.11 below.

### **3.9 Failure to Report**

If Franchisee has not timely reported the Gross Sales to Franchisor for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to: (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Gross Sales was provided to Franchisor as required hereunder; or (b) the amount due based on information retrieved from the Franchisor-approved financial reporting software. Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty (or Minimum Royalty, if applicable) or any other fee or charge due Franchisor or any of its Affiliates. Franchisor has the right to periodically specify (in the Manual or otherwise in writing) different payees and/or payment methods for any payments due to Franchisor or its Affiliates or designees, such as, but not limited to, payment by auto-draft, credit card, and payment by check. If any payment is made to Franchisor by credit card for any fee required, Franchisor may charge a service charge up to 4% of the total charge.

### **3.10 Interest and Late Fees**

A late fee of \$100 or 18% per annum or the highest rate allowed by law, whichever is greater, per occurrence, will be added to all amounts due from Franchisee that are not received by Franchisor by the due date. Further, Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalties (or Minimum Royalty, if applicable), Brand Fund Contributions (or Minimum Brand Fund Contribution, as applicable), or any other amounts due Franchisor, including reasonable accounting and legal fees.

A late fee of \$100 per occurrence will also be added for each Gross Sales report and financial report required that have not been submitted when due, and an additional \$100 will be added per month until such time as Franchisee submits the required report.

### **3.11 Application of Payments**

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalties (or Minimum Royalty, if applicable), Brand Fund Contributions (or minimum Brand Fund Contributions, as applicable), purchases from Franchisor, or any other amount owed to Franchisor.

### **3.12 Records**

During the Term, Franchisee shall maintain full, complete, and accurate electronic books, records, and accounts on the Computer System in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the Term, and for seven (7) years thereafter, all books and records related to the ARCpoint Labs Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices. Franchisor may also require Franchisee to sync its Computer System with software designated by the Franchisor from time to time or periodically during the Term.

### **3.13 Financial Statements**

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, an electronic copy of its balance sheet as of the end of the preceding month and an electronic copy of the income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an electronic copy of its income statement for the calendar year just ended and an electronic copy of its balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing. Franchisor may require that these financial statements be submitted by syncing Franchisee's Computer System with software designated by the Franchisor from time to time or periodically during the Term.

### **3.14 Other Reports**

Franchisee shall submit to Franchisor electronic copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the ARCpoint Labs Business to Franchisor's current or prospective lenders or investors. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

### **3.15 Computer System**

Franchisee is required, at Franchisee's expense, to purchase or lease, and thereafter maintain and upgrade and use, only such computer(s), hardware (including, without limitation, laptops), software (including, without limitation, point-of-sale software), firmware, web technologies or applications, required dedicated internet access and power lines, modem(s), printer(s), and other related accessories or peripheral equipment, and methods of operation, as Franchisor specifies in the Manual or otherwise in writing (collectively the "**Computer System**"). Franchisee is solely responsible for all costs associated with the

Computer System, including, without limitation license and usage fees, and costs of installation, maintenance, upgrading, updating, or support. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the Term. Franchisee agrees that Franchisor will have the right to establish, in writing, new standards for the implementation of technology in the Computer System, and Franchisee agrees to comply with all modifications or changes to the Computer System that that Franchisor establishes from time to time. These upgrades or additions may result also result in an increase to the monthly Technology Fees.

Franchisee shall use the Computer System to maintain its Business Records (as defined below), customer information, and sales and other financial information (“**Franchisee Data**”) in a format or using any software that may be specified by Franchisor in the Manual or by other written communication from time to time. Franchisee shall ensure that Franchisor has full access to all such information and records stored on the Computer System, including Franchisee’s sales data and related information by means of direct electronic access, to permit Franchisor to access all Franchisee Data at any time of its choosing to verify Franchisee’s compliance with its obligations under this Agreement.

Franchisee must use any credit card vendors and accept all credit cards and debit cards that Franchisor determines. The term “Credit Card Vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). Franchisee must abide by (a) the Payment Card Industry Data Security Standards (“**PCI-DSS**”) enacted by the applicable Card Associations (as may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transaction Act (“**FACTA**”), and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments (“**Electronic Payment Requirements**”). Franchisee must use vendors (and may be required to use one or more Approved Suppliers) to provide security services that are consistent with PCI-DSS, FACTA and applicable Electronic Payment Requirements.

### **3.16 Right to Inspect**

Franchisor or its designee has the right, at any time during Franchisee’s normal business hours, to examine, copy and audit the electronic data and records, books, other records, and tax returns of Franchisee (collectively “**Business Records**”). Franchisee agrees to cooperate fully with Franchisor’s representatives and independent accountants in any audit. Also, if Franchisor requests a copy of any customer information or Business Records, Franchisee must provide records in the format designated by Franchisor within five (5) days of receiving Franchisor’s request.

If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit or other inspection is necessary due to Franchisee’s failure to furnish reports, Business Records, or other information as required, or to furnish these items on a timely basis or if an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys’ fees). These remedies are in addition to our other remedies and rights under this Agreement and applicable law. The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found, Franchisor shall incur the cost for the audit.

### 3.17 Release of Records

At Franchisor's request, and subject to and in accordance with Legal Requirements, Franchisee shall authorize and direct any third parties, including vendors and accounting professionals, to release to Franchisor all vendor records, accounting and financial records arising from or relating to the operation of the ARCpoint Labs Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, customer information, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired Term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

## 4 TERM AND RENEWAL

### 4.1 Term

The initial term of this Agreement will commence on the date that Franchisee begins Onsite/Online Operations of the ARCpoint Labs Business and will expire ten (10) years from that date (the "**Initial Term**"), unless sooner terminated by Franchisor pursuant to Section 15.

### 4.2 Renewal Term and Conditions

Franchisee may, but is not obligated to, renew this Agreement for an additional 10-year term (the "**Renewal Term**," together with the Initial Term, the "**Term**"), provided that Franchisor consents to the renewal and provided further that Franchisee has satisfied each of the following conditions (all of which shall be referred to as the "**Renewal Conditions**"), as determined by Franchisor in its sole discretion:

4.2.1 Franchisee gives written notice of its intent to renew ("**Renewal Notice**") to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the Initial Term;

4.2.2 Prior to sending the Renewal Notice and for the remainder of the Initial Term, Franchisee:

- (i) has complied and continues to comply with all material provisions of this Agreement and any other agreement between Franchisor and Franchisee;
- (ii) has timely made and continues to timely make all monetary obligations owed by Franchisee to Franchisor (or any Affiliate); and
- (iii) is not in default of any provisions of any other agreement relating to the operation of the ARCpoint Labs Business with any third party, including without limitation, Franchisee's landlord, lenders, creditors, vendors, or suppliers, if any;

4.2.3 Franchisee has secured the right to remain in possession of the Accepted Location, or a suitable substitute location approved by Franchisor, for the Renewal Term, and provided Franchisor a copy of any lease documents providing evidence of this right;

4.2.4 If required by Franchisor, Franchisee agrees in writing to remodel the Accepted Location to meet Franchisor's then-current standards for franchised businesses within 3 months after the expiration date of the Initial Term;

4.2.5 Franchisee has not received more than two (2) notices of Events of Default from Franchisor during the Initial Term;

4.2.6 Franchisee meets Franchisor's then-current standards for accepting new franchisees, including, without limitation, credit worthiness, access to capital, and criminal history;

4.2.7 Franchisee executes Franchisor's then-current form of franchise agreement and ancillary documents, (including Owners Agreement and other guaranty, all with appropriate modifications to reflect the fact that the franchise agreement relates to the grant of a renewal franchise) ("**Successor Franchise Agreement**"), which Successor Franchise Agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty, Minimum Royalty, Brand Fund Contribution, or Minimum Brand Fund Contribution; provided, however, that the boundaries of the Territory will not change unless the Territory is larger than the territories that Franchisor is granting to new franchisees at the time of Franchisee's renewal, in which case Franchisor may reduce the size of the Territory; and provided further that Franchisee shall not be required to pay the then-current Initial Franchise Fee, Initial Training Fee, Initial Technology Fee (other than the actual costs of any changes to technology), and any other initial fees that Franchisor deems unnecessary for an existing Franchisee;

4.2.8 Franchisee pays Franchisor a renewal fee of \$5,000;

4.2.9 Not later than ninety (90) days prior to the expiration of the Initial Term, Franchisee has complied with Franchisor's then-current training qualifications for a new franchisee, except that Franchisee shall not pay any fees associated with this training other than travel expenses and any actual costs Franchisor realizes for the training; and

4.2.10 Franchisee executes a general release in the form Franchisor specifies.

### **4.3 Renewal Procedure.**

4.3.1 Effect of Renewal Notice. Within thirty (30) days after receipt of Franchisee's Renewal Notice, Franchisor will determine whether, at the time of receiving the Renewal Notice, Franchisee has complied with all the Renewal Conditions, and after making its determination deliver to Franchisee, one or more of the following:

(a) If Franchisee has met the Renewal Conditions, then Franchisor will provide: (i) its written consent to Franchisee's Renewal Notice (the "**Renewal Consent**"), which shall be contingent and conditioned upon Franchisee's continued and ongoing satisfaction of the Renewal Conditions, and (ii) a copy of its then-current Franchise Disclosure Document, including the Successor Franchise Agreement (the "**Renewal FDD**"), which Franchisee shall acknowledge receipt of in writing;

(b) A request for additional information to assist Franchisor in determining whether Franchisee has met the Renewal Conditions; or

(c) Franchisor's notice of non-renewal based upon Franchisee's failure to satisfy the Renewal Conditions.

4.3.2 Franchisee Obligations upon Receipt of Renewal Consent. If Franchisor provides Franchisee with its Renewal Consent, then Franchisee shall:

(a) No sooner than fourteen (14) days but no more than twenty (20) days after receipt of the Renewal FDD, notify Franchisor in writing as to whether Franchisee elects to execute the Successor Franchise Agreement ("**Election Notice**");

(b) Prior to the expiration of the Initial Term, but in no event more than seven (7) days before such expiration date, return to Franchisor executed copies of both the Successor Franchise Agreement and the general release.

#### **4.4 Failure to Execute Successor Franchise Agreement.**

If Franchisee fails to sign the Successor Franchise Agreement by the date this Agreement expires or sooner, Franchisor may, in its sole discretion, either:

(a) revoke Franchisor's Renewal Consent, thereby eliminating and nullifying Franchisee's option to renew; or

(b) charge Franchisee \$50 per day for every day the Successor Franchise Agreement is not signed after this Agreement has expired, provided that the Franchisee must continue to comply with the terms and conditions of this Agreement if Franchisor allows such continued operation beyond the expiration date.

#### **4.5 Failure to Comply with Renewal Conditions**

In the event that Franchisor determines, in its sole discretion, that Franchisee has failed to satisfy any of the conditions set forth in Section 4.2 herein, then: (a) Franchisee shall be deemed to have elected not to renew this Agreement; and (b) if Franchisor has previously approved the Renewal Notice, such approval shall be deemed automatically rescinded without further notice or action by Franchisor, subject to applicable Legal Requirements.

### **5 DEVELOPMENT AND OPENING OF FRANCHISED BUSINESS**

#### **5.1 Opening of Onsite/Online ARCpoint Labs Business Operations**

Within sixty (60) days of the Effective Date, Franchisee shall open its ARCpoint Labs Business in the Territory for Onsite/Online Operations. During such Onsite/Online Operations, Franchisee shall be responsible for diligently performing its remaining obligation to open an Accepted Location for the operation of Lab Operations under this Section 5. Franchisee acknowledges and understands that it shall not be permitted to perform patient collections or other laboratory services at any site or location other than an Accepted Location or on-site at the client's or approved third parties' location.

## **5.2 Selection of Site for Lab Operations**

5.2.1 Site Selection Criteria. Immediately following the opening of its Onsite/Online Operations, Franchisee shall promptly select a site for the ARCpoint Labs Business that meets Franchisor's then-current requirements as outlined in the Manual. Franchisor shall provide Franchisee with its approved site selection vendor with general guidelines to assist Franchisee in selecting a site suitable for the Accepted Location, which Franchisee may elect to use. Franchisor recommends, but does not require, that Franchisee utilize the services of this vendor to assist in selecting the site, unless Franchisee requests an extension of the deadline to obtain acceptance of the site as set forth in Section 5.2.3 below.

5.2.2 Acceptance of Site. Franchisee shall notify Franchisor of its site selection per Franchisor's guidelines outlined in the Manual. Franchisor shall evaluate the site and notify Franchisee of the site's acceptance or rejection within thirty (30) days of receiving notice from Franchisee. If Franchisor accepts such selection, the site will be designated as the Accepted Location. If Franchisor rejects such selection, Franchisee shall select a new site by the deadline to obtain Franchisor's acceptance as set forth in Section 5.2.3. Franchisor's acceptance of a site is only an indication that the site meets Franchisor's criteria for a site, not a representation or warranty of the site's success.

5.2.3 Deadline. Franchisee must submit a site for Franchisor's acceptance, and obtain Franchisor's written acceptance of the same, within six (6) months of the Effective Date. Franchisee may request an extension of this deadline, which Franchisor may grant in Franchisor's sole discretion; provided, however, that any extension will be conditioned on Franchisee working with Franchisor's approved site selection vendor.

## **5.3 Lease of Accepted Location**

After the designation of the Accepted Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Accepted Location. Prior to execution of any lease, Franchisee shall have the lease reviewed by its own attorney. Neither Franchisor's review of the lease to ensure inclusion of its lease requirements or for other reasons as Franchisor deems appropriate or as requested by Franchisee, nor any advice or recommendation offered by Franchisor regarding the lease, shall constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its own decisions made after the lease has been reviewed by its own attorney. Franchisor shall not unreasonably withhold its acceptance of the lease. Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee must use commercially reasonable efforts to have Franchisee's landlord to execute Franchisor's form Lease Addendum, a copy of which is attached to this Agreement as Schedule 6, or amend the lease to contain such provisions as Franchisor may reasonably require, including, but not limited to, a provision:

5.3.1 reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant, and providing that the lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts, and payments under the lease;

5.3.2 expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the ARCpoint Labs Business, as Franchisor may request;

5.3.3 requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of Franchisee's cure period;

5.3.4 requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 allowing Franchisee to display the Marks in accordance with the System Standards, subject only to the provisions of applicable law;

5.3.7 prohibiting the premises from being used for any purpose other than the operation of the ARCpoint Labs Business;

5.3.8 stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 stating that upon default of this Agreement, Franchisor (or its designee) has the right to take possession of the premises and operate the ARCpoint Labs Business;

5.3.10 allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

#### **5.4 Development of Accepted Location**

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an Accepted Location for an ARCpoint Labs Business, which may include specifications for exterior and interior design and layout, fixtures, equipment, décor, and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. In connection with the development of the Accepted Location, prior to opening pursuant to this Section 5.4, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans, and specifications for improvement of the Accepted Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all permits, zoning classifications, licenses, or clearances necessary to comply with all Legal Requirements, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;



5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the ARCpoint Labs Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Accepted Location;

5.4.5 purchase and install all equipment, signs, furniture, and fixtures, including any point-of-sale and computer equipment, required for the operation of the ARCpoint Labs Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Accepted Location for the ARCpoint Labs Business.

## **5.5 Opening of Accepted Location**

Franchisee shall comply with the conditions below and commence Lab Operations at the Accepted Location within ten (10) months of the date Franchisee begins Onsite/Online Operations or twelve (12) months of the Effective Date hereof, whichever is earlier. Before opening the Accepted Location and commencing Lab Operations, Franchisee must:

5.5.1 fulfill all of the obligations pursuant to the other provisions of this Section 5.5;

5.5.2 complete all required training to the satisfaction of Franchisor;

5.5.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.5.4 pay in full all amounts due to Franchisor;

5.5.5 do all things necessary to hire and train the personnel required for the operation of the ARCpoint Labs Business, purchase the necessary supplies and equipment, buy the necessary licenses, purchase the required industry services and/or memberships, and otherwise prepare the business for opening as detailed in the Manual, and elsewhere;

5.5.6 obtain Franchisor's permission and approval of an opening date for the Accepted Location, which Franchisor shall not unreasonably withhold. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate, including, without limitation, compliance with applicable federal and state Clinical Laboratory Improvement Amendments ("CLIA") regulations; and

5.5.7 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

## **5.6 Use of Accepted Location**

Franchisee shall not use the Accepted Location for any purpose other than for the operation of an ARCpoint Labs Business in full compliance with this Agreement, the Manual, and all System Standards, unless approved in writing by Franchisor.

## **5.7 Relocation**

Franchisee shall not relocate the ARCpoint Labs Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Accepted Location expires or is terminated without the fault of Franchisee or if the ARCpoint Labs Business's premises is destroyed, condemned, or otherwise rendered unusable, Franchisor will allow Franchisee to relocate the ARCpoint Labs Business. Relocation for any other reason will be subject to Franchisor's approval, which may be withheld in Franchisor's sole discretion. Any relocation shall be at Franchisee's sole expense and shall proceed in accordance with the requirements outlined in the site selection and lease provisions described above and the Manual.

Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Accepted Location is rendered unusable, this Agreement will terminate. If Franchisor allows Franchisee to relocate the Accepted Location of the ARCpoint Labs Business, Franchisor may, in Franchisor's sole discretion, charge Franchisee a relocation fee of \$2,500.

## **5.8 Development Milestones**

Franchisee shall: (a) commence its Onsite/Online Operations within sixty (60) days of the Effective Date; (b) secure an Accepted Location within six (6) months of the Effective Date; and (c) commence its Lab Operations at an Accepted Location within ten (10) months of the date Franchisee commences Onsite/Online Operations or twelve (12) months of the Effective date, whichever is earlier. The foregoing obligations (a) – (c) are collectively referred to as the “**Development Milestones**.” Franchisee may request an extension of the Development Milestones in writing, which Franchisor may grant or reject in its sole discretion. If Franchisee fails to meet any of the Development Milestones, Franchisee shall be in default of this Agreement and Franchisor shall be entitled to exercise any and all of its available remedies, including without limitation, termination of this Agreement as provided for in Section 15. If this Agreement is terminated for such failure, Franchisor shall retain the Initial Fees paid by Franchisee. The parties acknowledge and agree that the Initial Franchise Fees retained by Franchisor are in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the ARCpoint Labs Business and shall not be construed as nor considered to be a penalty.

# **6 MARKS**

## **6.1 Ownership**

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee acknowledges that as between Franchisor and Franchisee, any and all present or future copyrights relating to the System or the ARCpoint Labs concept, including the Manual; building designs, architectural renderings, and construction plans; certain forms, advertisements, images, art, photography, promotional materials, and other written materials that Franchisor produces (collectively the

“Copyrights”) belong solely and exclusively to Franchisor. Franchisee has no interest in the Copyrights beyond the non-exclusive license granted in this Agreement. Franchisee’s use of the Copyrights inures to Franchisor’s benefit. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee’s use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title, or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

## **6.2 Limitations on Use**

Franchisee is hereby required to use the Marks in accordance with Franchisor’s requirements. Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious, assumed name, or “doing business as” (dba) registrations as may be required under applicable law to do business as a ARCpoint Labs Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisor. Franchisee shall include on its letterhead, forms, cards, and other such identification a prominent notice stating that the ARCpoint Labs Business is Franchisee’s “Independently Owned and Operated ARCpoint Franchise.”

## **6.3 Notification of Infringements and Claims**

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor’s counsel in connection with any such infringement, challenge, or claim; provided, however, Franchisee may communicate with Franchisee’s counsel at Franchisee’s expense. Franchisor shall have sole discretion to take such action as it deems appropriate, including no action, to defend against such claims and has the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor’s counsel, be necessary or advisable to protect and maintain Franchisor’s interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor’s interest in the Marks.

## **6.4 Indemnification for Use of Marks**

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee’s authorized use of any of the Marks, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor’s directions in responding to such proceeding. At Franchisor’s option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee’s use of any of the Marks. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee’s use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee’s use of the Marks.

## **6.5 Discontinuance of Use**

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

## **6.6 Right to Inspect**

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the ARCpoint Labs Business, Franchisor and its designees have the right to enter and inspect the ARCpoint Labs Business and the Accepted Location at all reasonable times to: observe the manner in which Franchisee renders services and conducts activities and operations and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data, as well as any software and other aspects of the Computer System to ensure that Franchisee is operating the ARCpoint Labs Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the ARCpoint Labs Business and to interview customers and employees and to photograph or videotape the premises. Franchisor's representatives who visit the ARCpoint Labs Business may prepare written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the ARCpoint Labs Business. Franchisor may provide a copy of any such written report to Franchisee and Franchisee shall implement any required changes or improvements in a timely manner.

## **6.7 Franchisor's Sole Right to Domain Name**

Franchisee shall not establish, create, or operate a website, domain name or email address containing the Marks or the words "ARCpoint," "ARCpoint Labs," or any variation thereof or any domain name or email address that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "ARCpoint" name and any other Mark. Franchisor is the sole owner of all right, title, and interest in and to such names.

# **7 CONFIDENTIAL INFORMATION**

## **7.1 Requirement of Confidentiality**

Franchisor will disclose Confidential Information to Franchisee during the Term, including through the Manual, training program, and as a result of guidance furnished to Franchisee. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the ARCpoint Labs Business and in performing its duties during the Term. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition and would result in irreparable harm to Franchisor that is difficult to calculate. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all

holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the Term; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

## **7.2 Additional Developments**

All ideas, concepts, techniques, or materials concerning the ARCpoint Labs Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees. Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

## **7.3 Notification**

If Franchisee: (a) learns about any unauthorized use of the Confidential information or learns of any use of language, a visual image, or recording of any kind that Franchisee perceives to be identical or substantially similar to, any of the Confidential Information, the Manual, our advertising materials, or the content and format of our products; or (b) if a third party challenges Franchisee's use of any of the Confidential Information, the Manual, our advertising materials, or the content and format of our products, then Franchisee must notify Franchisor promptly but no later than within two (2) days. Upon receipt of such notification, Franchisor may take whatever action Franchisor deems appropriate, including no action, in our sole and absolute discretion, to protect Franchisor's rights in and to the Confidential Information, the Manual, our advertising materials, or the content and format of our products, which may include payment of reasonable costs associated with the action.

## **7.4 Exclusive Relationship**

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Labs Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.4.1 divert or attempt to divert any business, customer, referral source or supplier of the ARCpoint Labs Business to any Competitive Business in the United States;

7.4.2 solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the operation of the ARCpoint Labs Business;

7.4.3 do or perform any other act injurious or prejudicial to Franchisor, including disparaging Franchisor;

7.4.4 engage in, consult for, be employed by, make loans to, have an ownership interest in, or otherwise, directly or indirectly, participate in any Competitive Business anywhere in the United States without the express written consent of Franchisor; or

7.4.5 Authorize, assist, or induce another to take any action Franchisee itself would be prohibited from taking in accordance with this Section 7.4.

## **7.5 Nondisclosure and Non-Competition Agreements with Certain Individuals**

To the extent permissible by applicable law, any Designated Manager, and, if Franchisee is an entity, any officer that does not own equity in the Franchisee entity, must sign the System Protection Agreement, the form of which is attached to the Franchise Disclosure Document. Any of Franchisee's employees, independent contractors, agents, or representatives that have access to the Confidential Information must execute Franchisor's Confidentiality Agreement, the form of which is attached to the Franchise Disclosure Document, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all Confidentiality Agreements and System Protection Agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein.

## **7.6 Reasonableness of Restrictions**

Franchisee acknowledges that the restrictive covenants contained in this Section 7 are: (i) essential elements of this Agreement; (ii) Franchisor would not have entered into this Agreement without them; and (iii) Franchisor entered this Agreement in reliance upon Franchisee's and its owners' covenants to comply with these restrictions. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System, and the Marks. Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable, or otherwise unenforceable. Franchisee further acknowledges and agrees that nothing herein limits Franchisee's or its owner's ability to make a living or conduct business utilizing other skills or business opportunities.

## **7.7 Customer Information.**

Franchisee must comply with all System Standards and all applicable Legal Requirements regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality, integrity, and security of Customer Information on the Computer System or otherwise in Franchisee's possession or control and, in any event, employ reasonable means to safeguard the confidentiality, integrity, and security of Customer Information. "**Customer Information**" means names, contact information, financial information, purchasing history, medical information, market research data, and other personal information of or relating to the customers and prospective customers of the ARCpoint Labs Business. Customer Data does not include medical information collected from

customers. Franchisor owns all Customer Data. Franchisee may not sell, transfer, or use Customer Information for any purpose other than as set forth in the Manual.

### **7.8 Data Breach Notification.**

If Franchisee learns of an incident that may be a “breach of the security of the system” under Cal. Civ. Code § 1798.82 or any other data breach notification Law, Franchisee must immediately notify Franchisor of the facts that are known about the incident (a “**Data Breach**”). Although Franchisee is responsible for complying with all data breach notification Legal Requirements and standards applicable to the ARCpoint Labs Business, Franchisor expects that Franchisee will coordinate with Franchisor regarding such incidents where notification to individuals is required before individuals are notified so that Franchisor can be aware of and be prepared to address issues that may affect the System and be in a position to support Franchisee where possible. In the event of an actual or suspected Data Breach, Franchisee grants Franchisor and our designees and agents the right, exercisable in Franchisor’s sole and absolute discretion, to conduct an investigation of the incident and to install, run, and maintain any hardware, software, or code on the Computer System or in Franchisee’s computer network necessary or advisable to facilitate the investigation and to contain and remediate the incident, and Franchisee agrees to cooperate with Franchisor and to provide Franchisor with any access and information Franchisor may reasonably request for those purposes. Nothing in the preceding sentence shall relieve Franchisee of its obligation to comply with applicable laws, regulations, rules, standards or any equivalent thereof concerning an actual or suspected Data Breach. Franchisee is responsible for any costs or financial losses Franchisee incurs or remedial actions that Franchisee must take as a result of an actual or suspected Data Breach.

## **8 TRAINING AND ASSISTANCE**

### **8.1 Initial Training Program**

Franchisee (or Franchisee’s Managing Owner, if Franchisee is an entity), and Franchisee’s Designated Manager, if applicable, must complete Franchisor’s initial training program prior to the commencement of Franchisee’s Onsite/Online Operations (“**Initial Training**”). Franchisee, in Franchisee’s sole discretion, may also designate additional employees to complete such training, but in no event shall Franchisor be required to offer Initial Training to more persons than Franchisee and its Designated Manager, if applicable (or Franchisee’s Managing Owner if Franchisee is an entity) for each ARCpoint Labs Business (“**Required Trainees**”). Required Trainees will also be required to spend one and a half days in an assigned ARCpoint Labs location working with the franchisee-owner of the location and that franchisee’s employees (“**Shadowing Visit**”).

### **8.2 Drug Alcohol Testing Industry Association Membership**

Franchisee (or Franchisee’s Managing Owner, if Franchisee is an entity) and Franchisee’s Designated Manager, if applicable, must become members of the Drug and Alcohol Testing Industry Association (“**DATIA**”) or the National Drug & Alcohol Screening Association (“**NDASA**”) during the first year after signing this Agreement; however, it is recommended that Franchisee continues to be a member of DATIA or NDASA and attend the DATIA or NDASA conference annually thereafter. Franchisee is responsible for the cost of the DATIA or NDASA safety training program, including, but not limited to, lodging, transportation, food, salary, and any course materials.

### **8.3 General Guidance**

Franchisor will offer general guidance via telephone, webinars, e-mail, facsimile, blog, intranet, newsletters, and other methods as Franchisor sees reasonable and necessary. Franchisor will offer advice

and guidance on a variety of business matters, including, authorized services or products, operational methods, system changes, best practices, protocols, accounting procedures, and marketing and sales strategies. Franchisee shall have the sole right to determine the prices to be charged by the ARCpoint Labs Business.

#### **8.4 Additional Assistance**

If Franchisee wishes to have any additional persons attend any training, or should Franchisee request that Franchisor provides additional training or additional on-site assistance beyond the number of hours included in the Initial Training, Franchisor may agree to provide such training, and Franchisee must pay Franchisor's then-current training fees, plus any expenses or costs associated therewith, and Franchisee is responsible for all the expenses of such persons to attend any training program, including lodging, transportation, food, and similar expenses.

#### **8.5 Visits to ARCpoint Labs Business**

One member from Franchisor's operations team will visit the Accepted Location either in person or virtually to assess, train and advise on Franchisee's operational organization ("**Operations Visit**"). Typically, the Operations Visit will occur within thirty (30) days of the opening date of the Accepted Location. During the Operations Visit, Franchisee and its Required Trainees will perform mock collections training, which will allow Franchisee to become an ARCpoint-certified BAT or CPC. Franchisee must purchase, and have available at this training, a franchisor-approved breath alcohol testing instrument ("**BATI**") and will only be certified on the BATI. If Franchisee unilaterally cancels or reschedules Franchisee's training visit, Franchisee will be billed any direct costs and expenses incurred by Franchisor at the point of Franchisee's cancellation. Franchisee will also be billed at Franchisor's then-current rate (currently \$75) per hour during any on-the-job training in which Franchisor's services are requested or utilized for more than the number of hours or people described above.

#### **8.6 Training Milestones**

Franchisee, and its applicable Managing Owner, Required Trainees, or employees, shall: (a) complete the Initial Training prior to commencing its Onsite/Online Operations; (b) complete the Sales Training Program within twelve (12) weeks of completing Initial Training; (c) become members of DAITA or NDASA for at least one (1) year after the Effective Date; (d) complete the Shadowing Visit 15 days prior to opening the Accepted Location, and (e) participate in the Operations Visit within thirty (30) days of the opening of the Accepted Location. The foregoing obligations (a) – (e) are collectively referred to as the "**Training Milestones**." Franchisor has the right in its reasonable discretion to determine whether Required Trainee have satisfactorily completed all Training Milestones. Franchisee may request an extension of these Training Milestones or to substitute any trainee in writing, which request Franchisor shall grant or reject in its sole discretion. Franchisee must complete these Training Milestones to Franchisor's satisfaction. If a Required Trainee fails to complete any of the Training Milestones to Franchisor's satisfaction, such Required Trainee must re-enroll in our next scheduled applicable training. If, following the Training Milestones and any re-enrollment, none of the Required Trainees have successfully completed training, then Franchisee shall be in default of this Agreement and Franchisor shall be entitled to exercise any and all of its available remedies, including without limitation, termination of this Agreement as provided for in Section 15. If this Agreement is terminated for such failure, Franchisor shall retain any fees paid by Franchisee on account of such training. The parties acknowledge and agree that the fees retained by Franchisor are in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the ARCpoint Labs Business and shall not be construed as nor considered to be a penalty.



## **8.7 New Designated Manager and Managing Owner**

If, at any time, after commencing Onsite/Online Operations, Franchisee names a new Designated Manager or a new Managing Owner (as long as the new Managing Member or new Designated Manager meets the requirements in Section 8.7 above), the new Designated Manager or Managing Owner must complete Initial Training and any other training that Franchisor may deem necessary to Franchisor's satisfaction prior to assuming managerial responsibility for the ARCpoint Labs Business. Franchisee is solely responsible for all training fees and costs for the new Designated Manager and Managing Owner which shall equal the then-current rate for Franchisee's additional attendees/employees. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Managing Owner or Designated Manager's attendance at such training.

## **8.8 Franchisee Meetings**

From time to time Franchisor may provide, and if it does, shall require that the Franchisee (or its Managing Owner, if Franchisee is an entity) or the Designated Manager attend, annual to semi-annual meetings, conventions, or seminars ("**Meetings**") during the Term. These Meetings shall be for Franchisee's benefit so as to meet and network with other Franchisees, learn new industry practices, and stay up to date on competitive challenges and opportunities. Franchisor may charge a reasonable fee for attendance at such Meetings to help defray costs, and Franchisee must pay the fee for such Meetings for purposes of offsetting Franchisor's costs, regardless of whether or not Franchisee attends such Meetings. Franchisor shall not require the Franchisee (or its Managing Owner, if Franchisee is an entity) or Designated Manager to attend more than one Meeting in any calendar year and collectively not more than five (5) days in any calendar year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Franchisee (or its Managing Owner, if Franchisee is an entity) or Designated Manager's attendance at such Meetings.

## **8.9 Employee Training**

Franchisee is required to ensure that Franchisee's employees are fully-training in the area in which they work. All Franchisee's employees must be trained by ARCpoint certified trainers and must complete such training that Franchisor specifies in the Manual, with the exception of administrative and clerical employees. Franchisee is responsible for the costs of such training, and if Franchisor provide any such training, Franchisee shall pay Franchisor its then-current fees for such training, as well as any costs and expenses Franchisor incurs in connection with the training.

# **9 MANUAL**

## **9.1 Manual Loaned by Franchisor**

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic or online copy of the Manual, or such other versions as Franchisor may specify. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written, electronic form or other form as specified by Franchisor. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement, in a manner as specified by Franchisor.

## **9.2 Revisions to the Manual**

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures, and rules prescribed by Franchisor.

Franchisor may make such additions or modifications known to Franchisee via email, letter, blog, intranet, Internet, or any other reasonable method, without prior notice to Franchisee. Franchisee shall immediately adopt any such changes and shall ensure that if a hard copy is retained on file with Franchisee, its copy of the Manual is up to date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters or electronically shall be controlling.

### **9.3 Confidentiality of Manual**

The Manual contains Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the Term and after the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Accepted Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Accepted Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate, or otherwise use any portion of the Manual in an unauthorized manner.

## **10 FRANCHISE SYSTEM**

### **10.1 System Standards**

Franchisee acknowledges and agrees that Franchisee's operation and maintenance of the Franchise in accordance with franchise procedures is essential to preserve the goodwill of the Marks and all ARCpoint Labs Businesses. Therefore, at all times during the Term, Franchisee agrees to operate and maintain the ARCpoint Labs Business in strict compliance with all requirements, specifications, standards and operating procedures and rules (collectively, "**System Standards**") as set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor and which Franchisor may periodically modify and supplement during the Term. Franchisee shall accept and use any such changes in, or additions to, the System Standards as if they were a part of this Agreement as of the Effective Date. Franchisee shall make all necessary expenditures as such changes, additions or modifications to the System as Franchisor may require.

### **10.2 Variance**

Franchisee agrees that Franchisor has the right to, in its sole discretion and from time to time, approve exceptions or changes to the System Standards for any franchisee (including, without limitation, the amount and payment terms of any fee) that Franchisor deems necessary or desirable based upon that particular franchisee's qualifications, the peculiarities of a particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition which Franchisor deems to relevant to a particular ARCpoint Labs Business. Franchisor is not required to disclose or grant to Franchisee the same or a similar variance. Franchisee further agrees and acknowledges that other franchisees, whether existing now or in the future, may operate under different forms of the franchise agreement.

## **11 MARKETING AND PROMOTIONAL ACTIVITIES**

### **11.1 Brand Fund**

Franchisor has established a national marketing/advertising fund (“**Brand Fund**”) to develop a system-wide advertising, promotion, and marketing program to enhance the System and Marks. Franchisee acknowledges that other franchisee may not be required to contribute to the Brand Fund, may be required to contribute to the Brand Fund at a different rate than Franchisee or may be required to contribute to a different advertising fund. Franchisee agrees that Franchisor is not a fiduciary with respect to the Brand Fund or Franchisee’s Brand Fund Contribution (or Minimum Brand Fund Contribution, if applicable) and the Brand Fund is not a “trust.” Franchisor, its Affiliates or designees shall administer the Brand Fund as follows:

11.1.1 Franchisee’s advertising and promotion must follow Franchisor’s guidelines. Franchisor’s guidelines regarding advertising are set forth in the Manual and change from time to time. Franchisor shall maintain sole control over all creative concepts, materials, branding standards, and determine placement and allocation of advertisements. Franchisor shall determine in its sole discretion the media to be used, which may vary from time to time, depending on a variety of factors, including, but limited to, the national economy, industry regulation regarding advertising and marketing, and research and advice from outside professionals. Franchisor does not guarantee that any one particular franchisee will benefit directly or in proportion to their contribution from the activities of the Brand Fund. Franchisor may require or permit Franchisee, at Franchisor’s sole discretion, to use a trade name (or d/b/a) in connection with Franchisee’s ARCpoint Labs Business. Any tradename (or d/b/a) that Franchisee uses will be determined by Franchisor in writing. Franchisor may require Franchisee to change Franchisee’s tradename (or d/b/a), even if it was previously approved by Franchisor, at any time and any manner in Franchisor’s sole discretion.

11.1.2 Franchisor shall use Franchisee contributions to meet any cost of (a) developing and producing ARCpoint advertising, (b) researching developing and deploying new products and services, (c) educating potential clients about the System through community outreach, education and other initiatives, (d) conducting other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase System sales, and (e) costs of administering the Brand Fund. Such costs may include: the cost of developing local advertising and marketing promotional materials, creating and implementing television, radio, magazine, newspaper, and digital/online advertising campaigns and other public relations activities (including, but not limited to, for purposes of community outreach and brand reputation management); developing and maintaining the System Website, brand applications and social media accounts; providing marketing support; developing and maintaining the fulfilment portal; creating and providing Manual updates; developing national, regional, or third party administration accounts attending consumer or other end-user trade shows; quality assurance and safety programs; market research; employing advertising agencies, public relations firms, media buyers and creative talent; employing in-house product development, community outreach, sales, advertising, marketing and other professionals to assist in these efforts, and payment of their salaries; and fees we pay to legal, accounting, and other professional advisors to administer the Brand Fund.

11.1.3 Franchisor shall maintain the Brand Fund in a separate account from its general operating funds and shall not use them for any of Franchisor’s general operating expenses; provided, however, that Franchisor may use the Brand Fund for reasonable administrative costs and overhead related to the administration of the Brand Fund, including, without limitation, salaries and benefits of personnel with primary responsibility for Brand Fund activities. Franchisor shall

not use Brand Fund contributions for the direct solicitation of franchise sales. Franchisor may treat any amounts that it contributes to the Brand Fund as a loan from Franchisor to the Brand Fund. Franchisor has a right to be reimbursed from the Brand Fund any amounts that Franchisor loans to the Brand Fund.

11.1.4 Franchisor expects to use all contributions in the fiscal year they are made and intends for the Brand Fund to be perpetual but maintains the right to terminate it if necessary. Franchisor shall not terminate the Brand Fund until all contributions have been used as described this Section 11.1 or have been returned to franchisees on a *pro rata* basis. Franchisor is not obligated to spend any amount on advertising in the geographical area where Franchisee is or will be located.

11.1.5 Franchisor assumes no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct, or administer the Brand Fund. Any unused funds in any calendar year will be applied to the following year's funds, and Franchisor reserves the right to contribute or loan additional funds to the Brand Fund on any terms it deems reasonable. The Brand Fund is not audited. Franchisor will provide an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year upon written request.

11.1.6 If Franchisee is in default of any of Franchisee's obligations to Franchisor and/or the Brand Fund, or this Agreement is otherwise subject to termination, Franchisee shall have no rights with respect to the Brand Fund, and Franchisor may deny access to any and all programs and/or materials created by and benefits of, the Brand Fund.

## 11.2 Local Advertising

Franchisee shall be required to expend: (a) at least \$15,000 for mandatory advertising and marketing expenses (these expenses may include, but may not be limited to, online marketing (website management), pay per click, Ad campaigns, Google Ad Words campaign, social media management, organic search engine optimization, sales promotional start-up package, sales leads, target marketing list purchase, grand opening package, and lab start-up package and not limited to public relation marketing, which builds mutually beneficial relationships), at Franchisor's direction, throughout the first 12 months of Lab Operations; and (b) beginning with the 13<sup>th</sup> month of Lab Operations, the greater of 3% of your Gross Sales per twelve month period, or \$9,000 per 12 months on advertising and marketing expenses ("**Local Advertising Requirement**"). If Franchisee fails to meet the Local Advertising Requirement, Franchisee must pay Franchisor the difference between what Franchisee spent during the applicable twelve-month period and the Local Advertising Requirement, which will be contributed to the Brand Fund.

Local advertising, marketing, and promotion expenses shall include only those out-of-pocket costs directly associated with the pre-approved development, production, placement, procurement of printed materials or advertising space or time dispersed or disseminated in by Franchisee in the Territory. Directly associated, out-of-pocket costs for payment of marketing or advertising professionals, postage, printing, copying, long-distance phone calls, attendance or participation in local events meant to promote the business (including any hosted at the ARCpoint Labs Business), and any other pre-approved costs and expenses shall also be included as out-of-pocket costs. Any costs or expenses not specifically listed in the Manual must be pre-approved by Franchisor. Franchisee must account to Franchisor, in any manner prescribed, for all amounts expended for local advertising and marketing.

All local advertising shall be conducted in the manner, style, media, and format, conforming to the System Standards, and shall be approved in advance by Franchisor as set out in the Manual. Franchisor

shall provide Franchisee access to all advertising and marketing materials, assist in tailoring those products to Franchisee's business needs, and provide guidance for Franchisee's local advertising and marketing program. Franchisee shall not utilize advertising and marketing materials or venues unless first approved by Franchisor, in writing. Franchisor shall retain property right in all copyrights in any and all promotional materials that Franchisee develops or are developed for Franchisee.

### **11.3 Internet Advertising and Marketing**

(a) Franchisee is prohibited from establishing a presence on, or marketing using, the Internet without Franchisor's consent. Franchisor has an Internet website at the uniform resource locator [www.arcpointlabs.com](http://www.arcpointlabs.com) and includes at the ARCpoint website an interior page containing all basic and system-wide standard information about Franchisee's ARCpoint Labs Business, with set-up fees for this page being included in Franchisee's local advertising and marketing program. Any requested additions or modifications to this page shall be made to, and pre-approved by, Franchisor with any expenses associated therewith being paid by Franchisee.

(b) Franchisor shall retain sole ownership of, control over, all legal right to, and final approval of, all Internet and other electronic media advertising and marketing, including but not limited to the use of websites, domain names, uniform resource locators ("URLs"), linking, back-linking, search engines (and search engine optimization techniques), banner ads, meta-tags, auction sites, e-commerce and co-branding arrangements, coupon sites, etc. These rights also include Franchisor's sole ownership, control and all legal rights to Franchisee's usernames and passwords for all advertising, marketing and social media and other activities utilizing the Marks on the Internet. Franchisor may direct protocols for Internet marketing through the Manual.

(c) Franchisee may be requested to provide content for Franchisor's Internet marketing and Franchisee must follow Franchisor's intranet and Internet usage rules, policies and requirements, and naming convention, which may change from time to time as the nature of the Internet itself does.

(d) Franchisee must comply with Franchisor requirements (as described in the Manual or otherwise in writing) with respect to the transmission of all emails in connection with the ARCpoint Labs Business and in connection with discussing, advertising, marketing, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the ARCpoint Labs Business. These activities include participation in any Internet "blogs" or social networking sites. Any similar activities which are not expressly permitted in the Manual or otherwise in writing, or for which Franchisee have not previously received Franchisor approval, will be subject to Franchisor approval of advertising and marketing as described above.

(e) Franchisee is restricted from utilizing the Marks for any marketing, advertising, promotional, or other purpose, in any media (including signage) without Franchisor's prior written consent. Franchisor will assign the name for Franchisee's ARCpoint Labs Business, pursuant to Franchisor's naming convention, upon Franchisee's signing a lease for, or purchasing Franchisee's business location, within the Territory, and cannot be modified except by Franchisor. Any name or label associated with the Territory as set out anywhere in this Agreement is not guaranteed to be Franchisee's ARCpoint Labs Business name and may not be used for any purpose whatsoever other than to denote the Territory in this agreement. Franchisor naming convention is contained in the Manual and

shall not be deviated from in any manner whatsoever without Franchisor's prior written consent.

(f) Franchisee shall pay the Brand Fund an unauthorized advertising fee of five hundred dollars (\$500) for each violation of Section 11.3.

#### **11.4 National Franchisee Advisory Council**

Franchisor has established an ARCpoint Labs Franchise System National Advisory Council ("NAC") which will enhance communication between the Franchisor and franchisees and serve in an advisory capacity with respect to a variety of issues. The NAC will consist of both franchisees and Franchisor representatives, and members will be selected as provided in the NAC's bylaws. Franchisor reserves the right to form, change, or dissolve the NAC, in Franchisor's sole discretion.

### **12 STANDARDS OF OPERATION**

#### **12.1 Authorized Products, Services and Suppliers**

12.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products, and use only those vendors—including Credit Card Vendors—or suppliers, supplies, signs, equipment, and other products that Franchisor approves in advance (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products and/or services shall be purchased or distributed only from "**Approved Suppliers**" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the ARCpoint Labs Business or from the Accepted Location any services or products that Franchisor has not first approved.

12.1.2 Franchisor shall provide Franchisee, in the Manual, or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall provide that supplier with Franchisor's contact information to enable vendor to furnish Franchisor sufficient information, specifications and/or samples for Franchisor, pursuant to the procedures set out in the Manual, to determine whether the product complies with the System Standards, or whether the supplier meets its Approved Supplier criteria. If Franchisor incurs any costs or expenses in connection with evaluating a supplier at Franchisee's request, Franchisee must reimburse Franchisor for its reasonable testing costs regardless of whether the supplier is subsequently approved. Franchisor's approval process generally focuses on the supplier's dependability, general reputation, and ability to provide sufficient quantity of product or services, and the products' or services' prices and quality. Franchisee will be notified within ninety (90) days of Franchisor's approval or disapproval of the particular vendor or supplier. Franchisee will pay all reasonable expenses (approximately \$500 to \$1000) associated with evaluating whether the vendor meets vendor requirements at the time of evaluation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards, and specifications that Franchisor, in its discretion, deems confidential.

12.1.3 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System.

12.1.4 Franchisor has the right, if permitted by applicable law, to establish minimum and maximum prices for product services that Franchisee offers to customers in connection with Franchisee's ARCpoint Labs Business, including without limitation resale prices for use with multi-area marketing programs and special price promotions. If Franchisor does not establish such pricing requirements, then Franchisee will have the right to determine the prices it will charge.

12.1.5 Franchisor has the right to receive volume rebates, markups, and other tangible monetary amounts from suppliers or distributors or in connection with connection with purchases by Franchisee. Franchisee will have no entitlement to or interest in such benefits, unless otherwise agreed to by Franchisor in writing.

12.1.6 Franchisee shall comply with all terms, conditions, and obligations of all contracts and arrangements with suppliers, including contracts and arrangements negotiated by Franchisor or third parties as part of a network or multiple-franchise supply and distribution arrangement, and Franchisee's contracts with and obligations to suppliers. Franchisee shall promptly pay all suppliers in accordance with the agreed-upon terms. In the event Franchisee fails to promptly pay one or more suppliers as required, Franchisor may, but is not required to, pay such suppliers on behalf of Franchisee, and Franchisee shall promptly reimburse Franchisor for such payment following notice from Franchisor, or Franchisor may obtain payment through electronic fund transfer procedures.

12.1.7 Franchisor may revoke its prior approval of a supplier if the Approved Supplier fails to meet Franchisor's standards, specifications, and approved supplier criteria. If Franchisor should revoke the approval Franchisor will notify Franchisee in writing and removed the supplier from the approved supplier list. After receipt of the notice, Franchisee must cease using this supplier as soon as practicable.

12.1.8 FRANCHISOR AND ITS AFFILIATES EXPRESSLY EXCLUDE AND DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ALL GOODS AND SERVICES THAT FRANCHISOR OR ITS AFFILIATES OFFER, SELL, OR REQUIRE FOR FRANCHISEE'S ARCPOINT LABS BUSINESS. FRANCHISEE'S EXCLUSIVE REMEDY FOR ALL CLAIMS RELATED TO ANY SUCH GOODS OR SERVICES IS (I) LIMITED TO FRANCHISEE'S REMEDIES AGAINST THE GIVEN THIRD PARTY SUPPLIER OR MANUFACTURER (WHICH SHALL NOT INCLUDE OUR AFFILIATES) FOR ANY GOODS OR SERVICES THEY PROVIDE, AND (II) FOR ANY OF THE GOODS OR SERVICES THAT FRANCHISOR OR ITS AFFILIATES PROVIDE, LIMITED TO THE PURCHASE PRICE OF SUCH GOODS OR SERVICES, PLUS SHIPPING COSTS, IF ANY, FRANCHISEE PAID; OR, AT FRANCHISOR OR ITS AFFILIATES' OPTION, THE REPLACEMENT OF SUCH GOODS OR SERVICES. FRANCHISOR AND ITS AFFILIATES WILL NOT BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES FOR ANY MATTER STATED IN THIS SECTION 12, REGARDLESS OF THE DIRECT OR INDIRECT CAUSE OF THE DAMAGES. This disclaimer of warranties

does not affect claims Franchisee may have against third party manufacturers or suppliers of any goods or services for the ARCpoint Labs Business.

## **12.2 Appearance and Condition of the ARCpoint Labs Business**

Franchisee shall maintain the premises of the ARCpoint Labs Business and any vehicles, furniture, fixtures, equipment, and signage in “like new” condition and in accordance with the System Standards. Franchisee agrees to repaint the Accepted Location every three (3) years, at Franchisee’s own cost. Franchisee also agrees to remodel the Accepted Location every five (5) years, at Franchisee’s cost, pursuant to Franchisor’s guidelines at the time. The requirements set forth in this Section are in addition to, and do not limit, Franchisee’s obligation to add, update, and/or replace components of the ARCpoint Labs Business from time to time as specified in other Sections of this Agreement, including modifications to the System Standards as described in Section 10.1 and renewal terms under Section 4.

## **12.3 Ownership and Management**

The ARCpoint Labs Business shall, at all times, be under the direct full-time day to day supervision of Franchisee (or Franchisee’s Managing Owner, if Franchisee is an entity) or Franchisee’s Designated Manager as defined in Section 1 of this Agreement. The Franchisee, its Managing Owner, or Designated Manager, as applicable, shall devote his or her full-time efforts to promote and increase the sales and recognition of services offered through the ARCpoint Labs Business and to the management of the day-to-day operation of the ARCpoint Labs Business, and require all of Franchisee’s employees, managers, officers, agents, and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System. “Full-time” means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave, and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall immediately notify Franchisor should the identity of its Managing Owner or Designated Manager change and the new Managing Owner or Designated Manager will successfully become an ARCpoint Labs’ certified collector within sixty (60) days of his or her hire date.

## **12.4 Contributions and Donations**

In order to protect the Marks, Franchisee must obtain Franchisor’s prior written consent (via email is allowed) before making any contributions or donations of items, services, or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic, or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

## **12.5 Licenses and Permits**

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the ARCpoint Labs Business and shall operate the ARCpoint Labs Business in full compliance with all Legal Requirements, including without limitation compliance with applicable CLIA regulations. Franchisee is strictly prohibited from offering services that exceed what is allowed under its CLIA certifications. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the ARCpoint Labs Business. Franchisee shall be solely responsible for investigating and complying with all such Legal Requirements with regard to the operation of the ARCpoint Labs Business.



## **12.6 Notification of Proceedings**

Franchisee shall notify Franchisor by email of the commencement of any action, suit or proceeding involving Franchisee or the ARCpoint Labs Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the ARCpoint Labs Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than two (2) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than two (2) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate, or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule, or regulation.

## **12.7 Compliance with Good Business Practices**

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to follow all standards, protocols, and procedures as outlined in the Manual and maintain high standards of quality and service in the operation of the ARCpoint Labs Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the ARCpoint Labs Business. The ARCpoint Labs Business shall in all dealings with its customers, vendors, and the general public adhere to the highest standards of honesty, fair dealing, and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the ARCpoint Labs Business pursuant to this Section (typically, between \$20 and \$100).

## **12.8 Other Standards in Manual**

Franchisee shall abide by all System Standards, including, but not limited to doing all things necessary to hire and train the personnel necessary or required for the operation of the ARCpoint Labs Business, purchase the necessary supplies and equipment, obtain, and maintain all necessary licenses, and participate in the required industry services and/or memberships.

## **12.9 Maintenance of Goodwill**

Franchisee shall not to make any negative statement, whether written or oral, about Franchisor's current and former employees, agents, member, or directors. Franchisee also agrees not to do any act harmful, prejudicial, or injurious to Franchisor.

## **12.10 E-Mail**

Franchisee shall, at all times and at Franchisee's expense, maintain email addresses assigned by Franchisor for all business communications. Franchisor initiates, activates, and maintains full ownership and control of these email addresses, the number and types of email addresses assigned, costs, protocols, and procedures for Franchisee to follow as set out in the Manual. Neither Franchisee nor any other person employed by the ARCpoint Labs Business shall be allowed to communicate with vendors, customers, or potential customers or any other person or entity on behalf of the ARCpoint Labs Business using an email address that was not initiated or activated by and under Franchisor's full control. Franchisor reserves the right to suspend Franchisee's email(s) immediately upon Franchisee's default of any provision of Section 14.2, and after thirty (30) days have been given to cure any default in Section 14.3.

## **12.11 Clinical Audits**

Franchisor reserves the right to conduct an audit of the Clinical Program and compliance with CLIA regulations, including a review of Franchisee's standard operating procedures ("**Clinical Audit**"), if Franchisor deems a Clinical Audit to be necessary or proper, including if Franchisor learns of or has reason to believe that Franchisee is violating this Agreement or any of Franchisee's other legal obligations or if required by applicable state or federal law. If Franchisor conducts a Clinical Audit, Franchisee shall pay Franchisor Franchisor's then-current fee plus any costs or expenses incurred in connection with the Clinical Audit.

## **13 INSURANCE**

### **13.1 Types and Amounts of Coverage**

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date and maintain in full force and effect during the term of this Agreement, the types of insurance listed below from an approved insurance carrier rated "A+" or better by the A.M. Best Company, Inc. Policies must meet Franchisor's specifications, including types and amounts of coverage, and the dollar limits and deductible levels, among other things. All policies, except those identified in Section 13.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. Franchisee must also require any physicians and/or other health care providers, that provide services to the ARCpoint Labs Business, and who are required by law to carry medical malpractice insurance, to provide Franchisee with written documentation of their current medical malpractice insurance coverage. Franchisee shall furnish this documentation to Franchisor, upon demand.

In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

13.1.1 "Special Cause of Loss coverage form" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies, and other property used in the operation of the ARCpoint Labs Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

13.1.2 Workers' compensation insurance that complies with the statutory requirements of the state in which the ARCpoint Labs Business is located and employer liability coverage with a minimum limit of \$100,000 or, if higher, the statutory minimum limit as required by state law;

13.1.3 Commercial general liability insurance against claims for bodily and personal injury, Products and Completed operations liability, Broad Form Contractual Liability, Broad Form Property Damage Liability, death and property damage caused by or occurring in conjunction with the operation of the ARCpoint Labs Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of \$1,000,000 per occurrence and an annual policy aggregate of \$2,000,000 or, if higher, the statutory minimum limit required by state law; Additional Insured Coverage for Franchisor, Regional Franchisor and their respective affiliates, officers, directors, members and agents and others as their interest may appear on a primary, noncontributory basis;

13.1.4 Business interruption insurance in amounts and with terms acceptable to Franchisor;

13.1.5 Automobile liability insurance for owned or hired vehicles with a combined single limit of at least \$1,000,000 or, if higher, the statutory minimum limit required by state law; and Coverage for all owned, non-owned and hired vehicles for a limit per occurrence of \$1,000,000 bodily injury and property damage combined single limits, including a \$1,000,000 for both uninsured and underinsured motorist;

13.1.6 Errors and Omissions insurance against claims for negligence in connection with the performance of ARCpoint services with a minimum liability coverage of \$1,000,000 per occurrence or, if higher, the statutory minimum limit required by state law;

13.1.7 Master cyber security insurance liability insurance in the amount of at least \$1,000,000 per occurrence; and

13.1.8 Such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 20.2.

### **13.2 Future Increases**

Franchisor has the right to reasonably increase the minimum liability protection requirement annually, and require Franchisee use a different insurance carrier, obtain different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

### **13.3 Evidence of Coverage**

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 20.2. Franchisee shall provide, prior to beginning Onsite/Online Operations and upon each yearly anniversary thereafter, copies of their insurance policies and certificates showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

### **13.4 Failure to Maintain Coverage**

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a 20% administrative fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

## **14 EVENTS OF DEFAULT**

### **14.1 Definition**

The actions, occurrences, and breaches described in Sections 14.2 and 14.3 shall constitute an “**Event of Default**” under this Agreement.

## **14.2 Events of Default with No Right to Cure**

Immediately upon the occurrence of any of the following events, all of which shall constitute an Event of Default, Franchisor may, but shall not be obligated to, exercise any of the remedies provided for in Section 15 including, but not limited, to termination of this Agreement without providing Franchisee any notice or opportunity to cure:

14.2.1 Franchisor discovers that Franchisee made any material misrepresentation or omission in its application for the ARCpoint Labs Business opportunity or otherwise to Franchisor in the course of entering into this Agreement;

14.2.2 Franchisor discovers that by entering this Agreement, Franchisee violated a non-competition agreement by which it is bound;

14.2.3 Franchisee is convicted of or pleads no contest to a felony or other crime or offense that, in Franchisor's sole discretion and judgment, is likely to adversely affect the reputation of Franchisor, Franchisee, the System, the ARCpoint Labs Business, or other ARCpoint Labs Businesses;

14.2.4 Franchisee engages in any action, behavior, or conduct that, in Franchisor's sole discretion and judgment, is likely to adversely affect the reputation of Franchisor, Franchisee, the System, the ARCpoint Labs Business, or other ARCpoint Labs Businesses;

14.2.5 Franchisee discloses, duplicates, or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

14.2.6 Franchisee abandons, or fails or refuses to actively operate the ARCpoint Labs Business for five (5) or more consecutive days without Franchisor's express written permission;

14.2.7 Franchisee relocates the Lab Operations without receiving Franchisor's express written permission;

14.2.8 Franchisee's landlord notifies Franchisee that the landlord is re-taking possession of the Accepted Location, an eviction proceeding is filed against Franchisee, or Franchisee loses Franchisee's right to possession of the Accepted Location;

14.2.9 Franchisee surrenders or transfers control of the operation of the ARCpoint Labs Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the ARCpoint Labs Business or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

14.2.10 Franchisee fails to maintain the ARCpoint Labs Business under the primary supervision of a Managing Owner or Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 17.7;

14.2.11 Franchisee:

- (i) becomes insolvent by reason of Franchisee's inability to pay its debts as they become due;

- (ii) makes an assignment for the benefit of creditors;
- (iii) makes an admission of Franchisee's inability to pay its obligations as they become due;
- (iv) files a voluntary bankruptcy petition;
- (v) files any pleading seeking any reorganization, liquidation, dissolution, composition, or other settlement with creditors under any law;
- (vi) admits or fails to contest the material allegations of any reorganization, liquidation, dissolution, composition pleading filed against Franchisee; or
- (vii) is adjudicated a bankrupt or insolvent.

14.2.12 A receiver or other custodian is appointed for the assets of Franchisee; or a final judgment remains unsatisfied or of record for ninety (90) days or longer (unless supersedeas bond is filed); or if execution is levied against any part of the assets of the Franchisee or suit to foreclose any lien or mortgage is instituted against the Franchisee and not dismissed within ninety (90) days; or if the real or personal property of the Franchisee is sold after levy of judgment thereupon by any sheriff, marshal or constable; or the claims of creditors of Franchisee are abated or subject to a moratorium under any law; or, in the event Franchisee is a single member Limited Liability Company, and the sole member (individual or entity) files for bankruptcy or is adjudicated bankrupt;

14.2.13 Franchisee misuses or makes an unauthorized use of any of the Marks, Franchisor's trade secrets, or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

14.2.14 Franchisee commits any act or omission including, without limitation, violating any law or regulation, that results in an immediate threat or danger to the health or safety of any person;

14.2.15 Franchisee fails to comply with any Legal Requirement and fails to cure such this violation of such Legal Requirement within twenty-four (24) hours after being given notice of non-compliance or within such other reasonable time applicable to such law or regulation;

14.2.16 Franchisee submits to Franchisor at any time during the Term any reports or other data, information or supporting records that understates Gross Sales by more than three percent (3%);

14.2.17 Franchisee breaches or fails to comply with: (i) any obligation under this Agreement, the Manual, or System Standard three or more times in any twelve (12) month period, or (ii) the same obligation under this Agreement, the Manual, or System Standard two or more times in any six (6) month period, in either instance, (i) or (ii), regardless of whether Franchisor has provided notice of such previous breaches or failures and regardless of whether such previous breaches or failures were cured;

14.2.18 Franchisee, its Affiliate, or any owner defaults, beyond any applicable cure period, under any other agreement with Franchisor or its Affiliates; or,

14.2.19 Franchisee, its Affiliate, or any owner defaults, beyond any applicable cure period, under any agreement relating to or arising out of the operation of its ARCpoint Labs Business, including without limitation, a lease, sublease, loan agreement, or security interest, with any third party.

### **14.3 Events of Default with 30 Day Opportunity to Cure**

Immediately upon the occurrence of any of the following events, all of which shall constitute an Event of Default, Franchisor may, but shall not be obligated to, exercise any of the remedies provided for in Section 15 including, but not limited to termination of this Agreement, provided that Franchisee fails to cure the Event of Default to Franchisor's satisfaction within thirty (30) days of written notice to Franchisee:

14.3.1 Franchisee breaches or fails to perform or observe any material covenant, duty or obligation contained in this Agreement in any material respect; provided, however, that if Franchisee has commenced to diligently and expeditiously cure such default in the cure period, as determined in the sole discretion of the Franchisor, the cure period shall be extended for a period of time as is commercially reasonable under the circumstances (not to exceed ninety (90) days from the notice of breach) and for so long as Franchisee is diligently and expeditiously pursuing a cure;

14.3.2 Franchisee fails to meet any of the Development Milestones;

14.3.3 Franchisee fails to meet any of the Training Milestones;

14.3.4 Franchisee fails to obtain Franchisor's approval of any third party vendors or suppliers as required in Section 12.1;

14.3.5 Franchisee fails to offer all services or products as required by Franchisor, offers any unapproved products or services, or makes unauthorized changes to the Accepted Location;

14.3.6 Franchisee fails to operate the ARCpoint Labs Business in compliance with the System Standards;

14.3.7 Franchisee fails to: (a) ensure that any person required by Section 7.4 executes a Systems Protection Agreement or Confidentiality Agreement, or (b) provide Franchisor with copies of such agreements required to be signed;

14.3.8 Franchisee fails to submit reports or other information or supporting records when due;

14.3.9 Franchisee fails to make any payment to Franchisor or its Affiliates when due;

14.3.10 Franchisee fails to pay any amounts due as a result of the ARCpoint Labs Business operations to any third party, including without limitation landlord, vendors, suppliers, or any other third party;

14.3.11 Franchisee engages in any activity exclusively reserved to Franchisor; or

14.3.12 Franchisee fails to maintain insurance as specified in Section 13 of this Agreement or provide certificates of insurance to Franchisor as required.

#### **14.4 Default by Managing Owner**

Any action or omission by any Managing Owner of the Franchisee shall be deemed an action or omission by Franchisee for purposes of determining whether an Event of Default has occurred pursuant to this Section 14.

### **15 REMEDIES AND TERMINATION**

#### **15.1 Remedies Upon Event of Default**

Upon the occurrence of any Event of Default, and subject to any applicable cure period, Franchisor may immediately exercise any or all of the following remedies, in addition to all other rights and remedies available to Franchisor under this Agreement or the law:

15.1.1 Terminate this Agreement and any other agreement, including other franchise agreements, that Franchisor and Franchisee have executed;

15.1.2 Suspend Franchisee's access to the intranet provided that Franchisee shall remain responsible for all costs of participation;

15.1.3 Suspend Franchisee's access to any advertising or marketing materials or assistance provided for franchisees;

15.1.4 Remove Franchisee from the ARCpoint website, including without limitation suspension of any right to conduct Onsite/Online Operations;

15.1.5 Remove Franchisee from any advertising materials;

15.1.6 Suspend or terminate any fee reductions which Franchisor might have agreed to during the Term;

15.1.7 Require Franchisee to conduct an annual audit of its financials during the Term at Franchisee's sole cost;

15.1.8 Require Franchisee, its Managing Owner (if applicable), or other employees of the Franchisee to participate in additional training;

15.1.9 Suspend the provision of any operational support that this Agreement otherwise requires Franchisor to provide, including other information technology and network services;

15.1.10 Suspend the provision or supply of any services or products for which Franchisor is an approved supplier;

15.1.11 Reduce the size of the Territory, even if such reduction results in fewer businesses in the area than provided for in Section 2.4, and/or suspend Franchisee's exclusive rights in all or part of the Territory for the remainder of the Term or such other time period Franchisor determines in its sole discretion, without refunding any fee paid for such rights;

15.1.12 Take any action to cure a breach or default on Franchisee's behalf and require Franchisee to reimburse Franchisor for all costs and expenses (including the allocation of any internal costs) for such action, plus a 10% administrative fee;

15.1.13 Assume or appoint a third-party to assume the management of the ARCpoint Labs Business and require, Franchisee to: (a) pay Franchisor's then-current management fee, plus out of pocket costs and expenses of Franchisor or the third-party, in addition to all other fees pursuant to this Agreement; and (b) at Franchisor's election, relinquish all Gross Sales generated during the time in which Franchisor or the third party manages the ARCpoint Labs Business. Such assumption of management shall continue until such time Franchisor, in its sole discretion, determines that either: (y) the Franchisee can operate the ARCpoint Labs Business in full compliance with this Agreement and the standards and specifications set forth in the Manual; or (z) Franchisor exercises its right to terminate this Agreement, which shall not be affected by Franchisor's exercise of its rights pursuant to this Section 15. Franchisor shall have no liability to Franchisee for any debts, losses, or obligations of Franchisee or the ARCpoint Labs Business during the time Franchisor or a third party manages the ARCpoint Labs Business;

15.1.14 Charge Franchisee a non-compliance fee up to \$250 per day for each day the Event of Default remains uncured; and

15.1.15 Reduce, modify, suspend, or otherwise terminate any other of Franchisee's rights under this Agreement while such Event of Default continues or for such other period of time that Franchisor, in its sole discretion deems appropriate, provided that Franchisee shall remain responsible for all fees and obligations under this Agreement.

15.1.16 Unless Franchisor expressly terminates this Agreement, Franchisor's exercise of any of the foregoing remedies will not constitute an actual or constructive termination of this Agreement nor will it be Franchisor's sole and exclusive remedy for Franchisee's default or failure to comply with this Agreement. During any suspension period, Franchisee must continue to pay all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. If Franchisor restores any of Franchisee's rights, Franchisee will not be entitled to any compensation for any fees, expenses, or losses Franchisee might have incurred due to Franchisor's exercise of any of its rights provided in this Section 15.1. **General Provisions Concerning Default and Termination**

In any arbitration or other proceeding in which the validity of any termination of this Agreement or Franchisor's refusal to enter into a Successor Franchise Agreement is contested, each party may cite to and rely upon all defaults or violations of this Agreement, not only the defaults or violations referenced in any written notice. Franchisee agrees that Franchisor has the right and authority (but not the obligation) to notify any or all of Franchisee's owners, lenders, landlords, creditors, vendors, or suppliers, if Franchisee commits an Event of Default or if Franchisor terminates this Agreement.

### **15.3 Election of Remedies**

If Franchisor exercises its right not to terminate this Agreement but to implement any remedies in Section 15.1, Franchisor may at any time after the appropriate cure period under the written notice has lapsed (if any) terminate this Agreement without giving Franchisee any additional corrective or cure period. Franchisor's exercise of its rights under Section 15.1 will not be a waiver by Franchisor of any breach of this Agreement.

### **15.4 Liquidated Damages**

Upon Franchisor's termination of this Agreement due to an Event of Default, Franchisee shall pay liquidated damages to Franchisor in an amount equal to the average Royalty (or Minimum Royalty, if applicable) owed by Franchisee (even if not paid) per month over the 12-month period preceding the date



of termination (or, if the ARCpoint Labs Business was not open throughout such 12-month period, then the average Royalty (or Minimum Royalty, if applicable) earned per month for the period in which the ARCpoint Labs Business was open), multiplied by the lesser of: (i) 24; or (ii) the number of months remaining in the term of the Franchise Agreement. The liquidated damages owed hereunder are not a penalty; but rather the Franchisor and Franchisee represent and agree that the liquidated damages are a reasonable pre-estimate of the monetary losses Franchisor will suffer in the event of early termination. This liquidated damages provision will not limit our right to injunctive relief with respect to any violation of the Franchise Agreement.

## **16 RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION**

### **16.1 Actions to be Taken**

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

16.1.1 immediately cease to operate the ARCpoint Labs Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

16.1.2 cease to use using any of Franchisor's trade secrets, Confidential Information, the System, and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

16.1.3 take all such action as may be necessary to be de-identified and de-listed from all online directories and listings (e.g., Google);

16.1.4 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), Franchisee's interest in the lease then in effect for the Accepted Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

16.1.5 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed, furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after Franchisor's request;

16.1.6 pay all sums owing to Franchisor and its Affiliate. If this Agreement is terminated after an Event of Default, such sums shall include, but shall not be limited to, all damages, costs, and expenses, including reasonable attorneys' fees with respect to litigation, appellate or bankruptcy proceedings, unpaid Royalties (including Minimum Royalties) and any other amounts due to Franchisor or its Affiliate;

16.1.7 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor to enforce the terms of this Agreement;

16.1.8 immediately return to Franchisor or destroy, at Franchisor's election, all copies of the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the ARCpoint Labs Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information. In the event of destruction of information under this Agreement, Franchisee shall certify the destruction to Franchisor in writing;

16.1.9 cooperate fully with Franchisor regarding fax machines, land and cellular telephone numbers, and any other form of client communication not anticipated at the time of this Agreement, in such a way as to allow Franchisor to communicate directly with Franchisee's clients for a period of at least sixty (60) days after termination or expiration. Franchisor shall determine the best way to facilitate this transition at the time of the occurrence and Franchisee shall sign all documents and do all things necessary to assist in the effort;

16.1.10 notify any and all clients, including any other franchisees for whom the Franchisee is performing services as a TPA, and vendors of the closing and take proactive measures to contact any and all clients and vendors and provide alternative action for authorizations and/or lab results;

16.1.11 cease use of and, at Franchisor's election, either terminate or provide Franchisor with all passwords and login information for all social media accounts associated with or using the ARCpoint name or Marks;

16.1.12 cease use of and, at Franchisor's election, either terminate or turn over control of digital marketing and advertising, including, without limitation, Google, My Business, Yelp, search engine optimization and pay-per-click campaigns that incorporate, use, or reference ARCpoint or any words or Marks associated therewith;

16.1.13 turn over to Franchisor or Franchisor's designee all client lists along with associated client records or Business Records that Franchisor requires;

16.1.14 refer clients to Franchisor or Franchisor's designee; and

16.1.15 comply with all other applicable provisions of this Agreement.

## **16.2 Post-Termination Covenant Not to Compete**

16.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, protecting the Confidential Information of Franchisor; inducing Franchisor to grant a franchise to Franchisee; and protecting Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities).

16.2.2 Except as otherwise approved of in writing by Franchisor, for a period of two (2) years (the "Restrictive Period") after the expiration or termination of this Agreement, or with respect to any owner, the owner's transfer and relinquishment of ownership in Franchisee's ARCpoint Labs Business (each a "Triggering Event"), neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the

professional staff of Franchisee, shall either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, within the Territory, or within the territory of any other ARCpoint Labs Business in operation or under development at the time of the Triggering Event:

(a) divert or attempt to divert any business, customer, referral source or supplier of the ARCpoint Labs Business or any other ARCpoint Labs Business to any Competitive Business;

(b) solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the operation of the ARCpoint Labs Business;

(c) do or perform any other act injurious or prejudicial to Franchisor, including disparaging Franchisor;

(d) have any ownership interest in, manage, supervise or control the activities of, train employees of, advise, franchise, loan any assets to, or lease any property to a Competitive Business without the express written consent of Franchisor; or

(e) authorize, assist, or induce another to take any action Franchisee itself would be prohibited from taking in accordance with this Section 16.2.

16.2.3 In the event that Franchisee does not comply with the restrictive covenants contained herein, and provided that Franchisor seeks to enforce the restrictive covenants during the Restrictive Period, then the Restrictive Period will be tolled during any period of non-compliance. In addition, at any point during the term of the Franchise Agreement or after the termination or expiration of the Franchise Agreement (including during the pendency of any legal proceedings), Franchisor may immediately upon written notice, unilaterally reduce the scope of the restrictive covenants contained herein, for any reason whatsoever, including without limitation a finding by the court that the restrictive covenants as written are overly broad, unreasonable or otherwise not enforceable. Upon Franchisee's receipt of such notice, Franchisee will immediately comply with the reduced restriction as communicated by Franchisor.

16.2.4 In furtherance of this Section and as provided in Section 7.4, Franchisor has the right to require certain individuals to execute the then-current Systems Protection Agreement, a copy of which is attached to the Franchise Disclosure Document, or the Owner's Agreement, a copy of which is attached hereto as Schedule 3.

### **16.3 Unfair Competition**

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. Franchisee further shall continue to maintain the confidentiality of all Confidential Information and not use the Confidential Information in the operation of any such business. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 16.1, 16.2, or Schedule 3.

Upon termination or expiration of this Agreement, if Franchisor elects not to receive an assignment or sublease of the Accepted Location, Franchisee shall make such modifications or alterations to the Accepted Location (including changing telephone and facsimile numbers) as Franchisor requires to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Accepted Location. Franchisee shall make such specific additional changes to the Accepted Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Accepted Location for the purpose of making or causing to be made such changes as may be required, Franchisee shall reimburse Franchisor for reasonable expenses it incurs to appropriately de-identify the former Accepted Location upon demand.

#### **16.4 Franchisor's Option to Purchase Certain Business Assets**

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the ARCpoint Labs Business including equipment, supplies, and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

### **17 TRANSFERABILITY OF INTEREST**

#### **17.1 Transfer by Franchisor**

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

#### **17.2 Transfer by Franchisee to a Third Party**

The rights and duties of Franchisee as set forth in this Agreement, and the rights herein granted, are personal to Franchisee (or its Managing Owner), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may initiate, complete, or execute a Transfer without the prior written approval of Franchisor. Any purported Transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such Transfer shall be conditioned upon the satisfaction of the following requirements:

17.2.1 Franchisor has declined to exercise its rights under Section 18;

17.2.2 all obligations owed to Franchisor, its Affiliates, or any third-party vendor, supplier or landlord relating to the ARCpoint Labs Business, are fully paid and satisfied;

17.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached to the Franchise Disclosure Document;

17.2.4 the prospective transferee meets Franchisor's then-current criteria for new franchisees;

17.2.5 the transferee and its owners have executed Franchisor's then-current form of franchise agreement and related documents (including but not limited to Franchisor's then-current form of Owner's Agreement or other guaranty) for new franchisees, which may be substantially different from this Agreement, including different Royalty, Minimum Royalty, Brand Fund Contribution, and Minimum Brand Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

17.2.6 Franchisee has provided Franchisor with a complete copy of all contracts and related documentation between Franchisee and the prospective transferee relating to the intended sale or Transfer of the ARCpoint Labs Business and Franchisor has approved the material terms of such documentation;

17.2.7 Franchisee or the transferee has paid to Franchisor a Transfer fee in the amount of \$20,000; provided that if the transferee owns or operates an existing ARCpoint Labs Business ("**Existing Franchise Owner**"), then such Transfer fee shall be only \$5,000. In the case of transfers to any third party (except an Existing Franchise Owner), a nonrefundable deposit of \$1,000 is due upon request for the approval for the Transfer and the remaining balance is due prior to the execution of the Transfer documents.

17.2.8 The transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Accepted Location) and all applicable Legal Requirements applicable to the Transfer have been complied with or satisfied;

17.2.9 Transferee has, and if transferee is an entity, all of the holders of a legal and beneficial interest in transferee have, executed, and delivered to Franchisor an Owners Agreement or similar agreement;

17.2.10 Prior to assuming the management of the day-to-day operation of the ARCpoint Labs Business, the transferee's Managing Owner and/or Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the Initial Training described in Section 8.1; and

17.2.11 Franchisee must reimburse Franchisor upon receipt of Franchisor's invoice for any broker or other placement fees Franchisor incur as a result of the Transfer.

### **17.3 Transfer to a Controlled Entity**

17.3.1 If Franchisee wishes to Transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("**Controlled Entity**"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such Transfer shall be conditioned upon the satisfaction of the following requirements:

(a) the Controlled Entity is newly organized, and its articles of incorporation or organization provide that its activities are confined exclusively to the operation of the ARCpoint Labs Business;

(b) Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding ownership interests in the Controlled Entity;

(c) all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied;

(d) Franchisee or the Controlled Entity shall pay a \$500 transfer fee;

(e) the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the ARCpoint Labs Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

(f) all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

(g) each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or Transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

(h) copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor promptly after adoption.

17.3.2 The term of the transferred franchise shall be the remaining Term, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

17.3.3 Franchisor's consent to a Transfer of any interest in this Agreement, or of any ownership interest in the ARCpoint Labs Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

#### **17.4 Transfer to an Immediate Family Member**

17.4.1 If Franchisee wishes to transfer this Agreement or any interest herein to a spouse, child, or grandchild of the Franchisee or an owner of the Franchisee, if Franchisee is an entity, ("**Immediate Family Member**"), Franchisor's consent to such Transfer shall be conditioned upon the satisfaction of the following requirements:

(a) all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied;

(b) Franchisee or the Immediate Family Member shall pay a \$500 Transfer fee;

(c) the Immediate Family Member meets Franchisor's then-current criteria for new franchisees;

(d) Prior to assuming the management of the day-to-day operation of the ARCpoint Labs Business, the Immediate Family Member shall complete, to Franchisor's satisfaction, a training program in substance similar to the Initial Training described in Section 8.1; and

(e) the Immediate Family Member has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the ARCpoint Labs Business, including, without limitation, Franchisor's then-current Owner's Agreement or guaranty. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor.

17.4.2 The term of the transferred franchise shall be the remaining Term, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

17.4.3 Franchisor's consent to a Transfer of any interest in this Agreement shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

## **17.5 Franchisor's Disclosure to Transferee**

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the ARCpoint Labs Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the ARCpoint Labs Business by an intended transferee identified by Franchisee.

## **17.6 For-Sale Advertising**

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the ARCpoint Labs Business, or in any communication media, any form of advertising relating to the sale of the ARCpoint Labs Business, or the rights granted hereunder.

## **17.7 Transfer by Death or Incapacity**

Upon your or your owner's death or disability, your or the owner's executor, administrator, guardian, or other personal representative (the "**Representative**") must transfer your interest in this Agreement, the ARCpoint Labs Business or direct or indirect ownership interest in you to a third party: (i) whom we approve; and (ii) who has satisfied our then-current criteria for new franchisees. That transfer must occur, subject to our rights in Section 17, within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions of this Section 17. A failure to transfer such interest within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or the owner from supervising your or the ARCpoint Labs Business management and operation for ninety (90) or more consecutive days.

Following such death or disability of such person as described in this section, if necessary, in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the ARCpoint Labs Business until the deceased or incapacitated owner's interest is transferred in accordance with this section. Franchisor may charge a management fee as stated in the Manual, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the ARCpoint Labs Business.

## **18 RIGHT OF FIRST REFUSAL**

### **18.1 Submission of Offer**

If Franchisee, or any of its owners, proposes to sell the ARCpoint Labs Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or Transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

### **18.2 Franchisor's Right to Purchase**

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to ninety (90) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

### **18.3 Non-Exercise of Right of First Refusal**

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 17.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

## **19 BENEFICIAL OWNERS OF FRANCHISEE**

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Schedule 4 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee. Franchisee shall update Schedule 4 throughout the Term as necessary to promptly inform Franchisor of any changes in ownership. Any update to Schedule 4 by Franchisee shall not operate as a waiver of Franchisee's compliance with the requirements of Section 17.



## **20 RELATIONSHIP AND INDEMNIFICATION**

### **20.1 Relationship**

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever. Franchisee is an independent contractor only. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the Term, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the ARCpoint Labs Business operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery, or other written materials. Franchisee will use Franchisee's legal name on all documents for use with employees and contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, or any other obligation of Franchisee. In no event shall this Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the ARCpoint Labs Business. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone. Within seven (7) days of Franchisor's request, Franchisee and each of Franchisee's employees will sign an employment relationship acknowledgment form stating that Franchisee alone are the employee's employer and that Franchisee alone operate Franchisee's ARCpoint Labs Business.

### **20.2 Indemnification**

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "**Franchisor Indemnitees**") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the ARCpoint Labs Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the ARCpoint Labs Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 20.2 shall expressly survive the termination of this Agreement.

### **20.3 Right to Retain Counsel**

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if,

in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section 20.3 causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

## **21 GENERAL CONDITIONS AND PROVISIONS**

### **21.1 No Waiver**

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall neither affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

### **21.2 Notices**

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission email; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on Schedule 1 or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

ARCpoint Franchise Group, LLC  
Attention: CEO  
101 North Main Street, Suite 301  
Greenville, South Carolina 29601

### **21.3 Unlimited Guaranty and Assumption of Obligations**

All holders of a legal or beneficial interest in Franchisee and their spouses shall be required to execute, as of the date of this Agreement, the Owner's Agreement attached as Schedule 3, through which such person agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

### **21.4 Approvals**

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing.

### **21.5 Entire Agreement**

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full, and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's Franchise Disclosure Document), which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document.

### **21.6 Severability and Modification**

Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights, or remedies under this Agreement.

Notwithstanding the above, each of the covenants contained in Sections 7 and 16 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

### **21.7 Construction**

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

### **21.8 Survival of Certain Provisions**

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

### **21.9 Force Majeure**

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, pandemics, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the Term.

### **21.10 Timing**

Failure to perform any act within the time required or permitted by this Agreement shall be an Event of Default.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT TIME IS OF THE ESSENCE UNDER THIS AGREEMENT. FRANCHISEE'S RIGHTS UNDER THIS AGREEMENT ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF FRANCHISEE DOES NOT COMPLY STRICTLY WITH THE OBLIGATIONS PROVIDED IN THIS AGREEMENT. FRANCHISOR MAY ENFORCE THIS AGREEMENT STRICTLY.

### **21.11 Further Assurances**

Each party to this Agreement will execute and deliver such further instruments, contracts, forms, or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

## **22 DISPUTE RESOLUTION**

### **22.1 Choice of Law**

South Carolina law governs all claims that in any way relates to or arises out of this Agreement or any of the dealings of the parties ("**Claim(s)**"). However, no laws regulating the sale of franchises or governing the relationship between Franchisor and Franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

### **22.2 Jury Waiver**

In any trial between any of the parties as to any Claims, the parties to waive their rights to a jury trial and instead have such action tried by a judge.

### **22.3 Class Action Waiver**

Any disagreement or dispute between Franchisee and Franchisor (or either Franchisee's or Franchisor's Affiliates and owners) will be considered unique as to its facts and cannot be brought as a class action, or as part of any class arbitration. Franchisee waives any right to proceed against Franchisor (or Franchisor's Affiliates or owners) by way of class action, class arbitration, or as part of a multi-plaintiff, consolidated, or collective action.

### **22.4 Punitive Damages Waiver**

The parties agree to waive their rights, if any, to seek or recover punitive damages as to any Claims. Further, as to any Claims brought by Franchisee against Franchisor, Franchisee's damages shall not exceed and shall be limited to refund of Franchisee's Initial Franchise Fee and Royalty payments.

### **22.5 Limitations of Actions**

Franchisee agrees to bring any Claims against Franchisor, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

## 22.6 Specific Performance/Injunctive Relief

Nothing in this Franchise Agreement shall bar Franchisor's right to obtain specific performance of the provisions of this Franchise Agreement and injunctive relief against actual or threatened conduct that will cause Franchisor loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisor may apply for such injunctive relief, without bond and without proving actual damages, but upon due notice, in addition to such further and other relief as may be available at equity or law, and Franchisee's sole remedy, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived).

## 22.7 Prior Notice of Claims

As a condition precedent to Franchisee commencing any action for a Claim against Franchisor, Franchisee must first notify Franchisor of the alleged violation or breach within thirty (30) days after the occurrence and provide Franchisor a reasonable amount of time to cure, which in no event shall be less than thirty (30) days ("**Franchisor Cure Period**"). Failure to comply with this Section 22.7 shall preclude any Claim for damages or injunctive relief by Franchisee. Notwithstanding the foregoing, Franchisor shall not be obligated to provide any notice of any Claim except as otherwise explicitly provided in this Agreement. If Franchisor fails to cure any alleged violation or breach in the Franchisor Cure Period, Franchisee must notify Franchisor's Chief Executive Officer of any Claim and use Franchisee's commercially reasonable efforts to resolve the dispute ("**Internal Dispute Resolution**"). Failure to comply with this Section 22.7 shall preclude any Claim for damages or injunctive relief by Franchisee.

## 22.8 Mediation

If Franchisee's allegations are not resolved within a reasonable time, but in no event less than thirty (30) days after the Internal Dispute Resolution begins, prior to bringing any Claim against Franchisor, Franchisee agrees to submit such Claims to mediation before a mutually agreed to mediator in the city or county where Franchisor's headquarters are located. If the parties cannot mutually agree on a mediator, the parties agree to use the mediation services of the American Arbitration Association ("**AAA**") and split any AAA and mediator fees equally. If mediation is unsuccessful, any Claim must be brought pursuant to the procedures set forth in Sections 22.9 and 22.10 below.

## 22.9 Arbitration

22.9.1 Agreement to Arbitrate. Except as otherwise set forth in Section 22.10, Franchisee and Franchisor agree that all Claims between Franchisor and its affiliates, and their respective owners, officers, directors, agents and/or employees, and Franchisee (and/or its owners, guarantors, affiliates and/or employees) arising out of or related to the following shall be submitted for binding arbitration to the AAA: (a) this Agreement or any other agreement between them; (b) Franchisor's relationship with Franchisee; (c) the validity of this Agreement or any other agreement between Franchisee and Franchisor, or any provision of any such agreements, and the validity and scope of the arbitration obligation under this Subsection; or (d) any System Standards.

22.9.2 Arbitral Procedure. The arbitration proceedings will be conducted by one arbitrator and, except as this subsection otherwise provides, according to the AAA's then current commercial arbitration rules. Notwithstanding the foregoing, regardless of any conflict with such rules, the arbitrator may not consider any settlement discussions or offers that might have been made by either party.

22.9.3 Location of Arbitration. All proceedings will be conducted at a suitable location which is within ten (10) miles of where Franchisor has its principal business address at the time the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

22.9.4 Scope of Arbitral Award. The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except award any punitive damages against the other.

22.9.5 Compulsory Counterclaims. Franchisee and Franchisor agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred.

22.9.6 Costs of Arbitration. Except as set forth in Section 22.11 below, the costs of arbitration shall be born in equal share by both parties.

22.9.7 Effect on Non-Signatories. The provisions of this subsection are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

## **22.10 Litigation**

Notwithstanding anything to the contrary contained in herein, in the event that either Party seeks injunctive or equitable relief, the Parties agree such Claims for injunctive or equitable relief, and all other Claims, including Claims for money damages, may be litigated in court, and not arbitrated, in accordance with the procedure set forth below:

22.10.1 Jurisdiction. Franchisee consents and agrees that the following courts shall have personal jurisdiction over Franchisee in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense Franchisee may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of South Carolina; and (B) all the United States District Courts sitting within South Carolina.

22.10.2 Venue. Franchisee consents and agrees that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense Franchisee may have of improper venue in any such lawsuits filed in these courts: (i) in the Thirteenth Judicial Circuit Court of South Carolina located in Greenville County, South Carolina; and (ii) the United States District Court for South Carolina located in Greenville, South Carolina. In the event any of these courts are abolished, Franchisee agrees that venue shall be proper in the state or federal court in South Carolina which most closely approximates the subject matter jurisdiction of the abolished court. All lawsuits filed by Franchisee against Franchisor relating to or arising out of this Agreement and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject matter jurisdiction over such a lawsuit, such lawsuit may be filed in any court in the state where the Franchisor has its principal place of business at the time of filing having such subject-matter

jurisdiction if *in personam* jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Franchisor against Franchisee may be filed in any of the courts named in this Section 22.10.2 or in any court in which jurisdiction and venue are otherwise proper.

**22.10.3 Service of Process.** In all lawsuits relating to or arising out of the Agreement and related agreements, Franchisee consents and agrees to be served with process outside the State of South Carolina in the same manner as service may be made within the State of South Carolina by any person authorized to make service by the laws of the state, territory, possession, or country in which service is made or by any duly qualified attorney in such jurisdiction, and Franchisee hereby waives any defense Franchisee may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

**22.10.4 Effect.** FRANCHISEE AGREES THAT THIS SECTION 22.10 APPLIES TO ALL AGREEMENTS BETWEEN FRANCHISEE (OR ITS AFFILIATES) AND FRANCHISOR ENTERED INTO PRIOR TO THE EFFECTIVE DATE AND SUPERSEDES ANY PROVISION REGARDING JURISDICTION AND VENUE IN ANY SUCH PRIOR AGREEMENT.

### **22.11 Costs and Attorneys' Fees**

If either party initiates an arbitration or a court proceeding under or relating to this Agreement or the relationship between Franchisee and Franchisor (and/or any of its Affiliates), the non-prevailing party in that proceeding (as determined by the judge or arbitrator, as applicable) must reimburse the prevailing party for all of the prevailing party's costs and expenses that it incurs.

### **22.12 Third-Party Beneficiaries**

Franchisor's officers, directors, members, shareholders, agents, and employees are express third-party beneficiaries of the terms of the Dispute Resolution provisions contained herein.

## **23 ACKNOWLEDGMENTS**

### **23.1 Receipt of this Agreement and the Franchise Disclosure Document**

Franchisee represents and acknowledges that it has received this Agreement and Franchisor's Franchise Disclosure Document. Franchisee further represents and acknowledges that it has received the Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which Franchisee signed this Agreement or paid any money to secure the ARCpoint Labs Business.

### **23.2 True and Accurate Information**

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor are true, complete, and accurate in all respects, and Franchisee acknowledges that Franchisor relied upon the truthfulness, completeness, and accuracy of such information in making its decision to sign this Agreement with Franchisee.

### **23.3 Independent Investigation**

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

#### **23.4 No Violation of Other Agreements**

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

*(Signatures on following page)*



**FRANCHISOR:**

ARCPOINT FRANCHISE GROUP, LLC

John Constantine, CEO

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**FRANCHISEE:**

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Company Name

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE 1**  
**TO FRANCHISE AGREEMENT**

**FRANCHISE DATA SHEET**

1. Franchisee: \_\_\_\_\_
2. The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is: \_\_\_\_\_, 20\_\_\_\_.
3. The Initial Franchise Fee set forth in Section 3.1 shall be a total of: \$\_\_\_\_\_.  
\$\_\_\_\_\_ is attributable to the Onsite/Online Operations of Franchisee's  
ARCpoint Labs Business.  
\$\_\_\_\_\_ is attributable to the Lab Operations of Franchisee's ARCpoint Labs  
Business.
4. Franchisee's Notice Address set forth in Section 21.2 of the Franchise Agreement shall be:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SCHEDULE 2**  
**TO FRANCHISE AGREEMENT**

Franchisor and Franchisee have mutually agreed upon a Territory based on the site for the ARCpoint Business which is indicated below. Franchisee acknowledges that the Territory is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

Territory:

The Territory as provided in Section 2.4 of the Agreement is:

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**SCHEDULE 3**  
**TO FRANCHISE AGREEMENT**

**OWNER'S AGREEMENT**

As a condition to the execution by ARCpoint Franchise Group, LLC ("**Franchisor**") of a Franchise Agreement with \_\_\_\_\_ ("**Franchisee**"), each of the undersigned individuals ("**Owners**"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owner's Agreement ("**Owner's Agreement**").

1. **Acknowledgments.**

1.1 **Franchise Agreement.** Franchisee entered into a franchise agreement with Franchisor effective as of \_\_\_\_\_, 20\_\_ ("**Franchise Agreement**"). Capitalized words not defined in this Owner's Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 **Owners' Role.** Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other entity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to Franchisor if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owner's Agreement as a condition to Franchisor's entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owner's Agreement.

2. **Non-Disclosure and Protection of Confidential Information.**

Under the Franchise Agreement, Franchisor will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to Franchisor's Confidential Information are hereby incorporated into this Owner's Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owner's Agreement as a direct and primary obligation of Owners. Further, Franchisor may seek the same remedies against Owners under this Owner's Agreement as Franchisor may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know how, techniques, and other data, which Franchisor designate as confidential, will also be deemed Confidential Information for purposes of this Owner's Agreement.

3. **Covenant Not to Compete and To Not Solicit.**

3.1 **Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement.** Owners acknowledge that as a participant in Franchisor's system, they will receive proprietary and Confidential Information, trade secrets, and the unique methods, procedures, and techniques which Franchisor has developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owner's Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully

set forth in this Owner's Agreement as a direct and primary obligation of Owners. Further, Franchisor may seek the same remedies against Owners under this Owner's Agreement as Franchisor may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owner's Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which Franchisor are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Franchisor's Right to Reduce Scope of Covenants. Additionally, Franchisor has the right, in Franchisor's sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owner's Agreement, without Owner's consent (before or after any dispute arises), effective when Franchisor give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

#### 4. Guarantee.

4.1 Payment. Owners will pay Franchisor (or cause Franchisor to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment upon demand if Franchisee fails or refuses to punctually do so.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless Franchisor, all of Franchisor's affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which Franchisor or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to Franchisor or any of Franchisor's affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by Franchisor to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that Franchisor will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owner's Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owner's obligations under this Section 4, Franchisor can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. **Transfers.**

Owners acknowledge and agree that Franchisor has granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring Franchisor's consent under the Franchise Agreement for which Franchisor's express written consent is not first obtained will be a material breach of this Owner's Agreement and the Franchise Agreement.

6. **Notices.**

6.1 **Method of Notice.** Any notices given under this Owner's Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 **Notice Addresses.** Franchisor's current address for all communications under this Owner's Agreement is:

ARCpoint Franchise Group, LLC  
101 North Main Street, Suite 301  
Greenville, SC 29601

The current address of each Owner for all communications under this Owner's Agreement is designated on the signature page of this Owner's Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. **Enforcement of This Owner's Agreement.**

7.1 **Dispute Resolution.** Any claim or dispute arising out of or relating to this Owner's Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owner's Agreement.

7.2 **Choice of Law; Jurisdiction and Venue.** This Owner's Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owner's Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 **Provisional Remedies.** Franchisor has the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owner's Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owner's Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, Franchisor will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## 8. Miscellaneous.

8.1 No Other Agreements. This Owner's Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owner's Agreement, other than those in this Owner's Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Owner's Agreement may be implied into this Owner's Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owner's Agreement), no amendment, change, or variance from this Owner's Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owner's Agreement, and any portions thereof, will be considered severable. If any provision of this Owner's Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owner's Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for Franchisor and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owner's Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Owner's Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owner's Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owner's Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owner's Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owner's Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owner's Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "Franchisee" include the respective parties' heirs, successors, assigns, or transferees.

8.7 Nonwaiver. Franchisor's failure to insist upon strict compliance with any provision of this Owner's Agreement shall not be a waiver of Franchisor's right to do so. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owner's Agreement shall be cumulative.

8.8 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Owner's Agreement or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of Franchisor's owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to Franchisee for any reason.

8.9 Owner's Agreement Controls. In the event of any discrepancy between this Owner's Agreement and the Franchise Agreement, this Owner's Agreement shall control.

**IN WITNESS WHEREOF**, the parties have entered into this Owner's Agreement as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

ARCPOINT FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Printed Name: John Constantine

Title: CEO

OWNER(S):

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_



**SCHEDULE 4**  
**TO FRANCHISE AGREEMENT**

**STATEMENT OF OWNERSHIP**

Franchisee: \_\_\_\_\_

Trade Name (if different from above): \_\_\_\_\_

Form of Ownership  
(Check One)

\_\_\_\_ Individual \_\_\_\_ Partnership \_\_\_\_ Corporation \_\_\_\_ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage of Stock

Franchisee acknowledges that this Statement of Ownership applies to the ARCpoint Labs Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

FRANCHISEE:

\_\_\_\_\_  
Company Name

Date: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Company Name

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE 5 TO THE FRANCHISE AGREEMENT**

**AUTOMATIC BANK DRAFT AUTHORIZATION**

Please complete the following with your banking information and attach a voided check:

Company Name: \_\_\_\_\_

Name of Financial Institution: \_\_\_\_\_

Address of Financial Institution: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

I hereby authorize ARCpoint Franchise Group, LLC and AFG Services, LLC (“ARCpoint”) and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the terms of my franchise agreement and any terms and conditions for services provided in relation to my ARCpoint Labs Business, and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify either ARCpoint or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the above-referenced financial institution or up to 60 days after deposit, whichever occurs first.

Signature: \_\_\_\_\_

Printed Name of Person Signing: \_\_\_\_\_

Title (if any): \_\_\_\_\_

Application Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Applicant's Address: \_\_\_\_\_

## **SCHEDULE 6 TO THE FRANCHISE AGREEMENT**

### **FORM OF LEASE ADDENDUM**

This Addendum to Lease ("**Addendum**"), dated \_\_\_\_\_, 20\_\_\_\_, is entered into by and between \_\_\_\_\_ ("**Lessor**"), and \_\_\_\_\_ ("**Lessee**").

A. The parties hereto have entered into a certain Lease Agreement dated \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ ("**Lease**").

B. Lessor acknowledges that Lessee intends to operate an ARCpoint Labs franchise from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with ARCpoint Franchise Group, LLC ("**Franchisor**") under the name ARCpoint Labs or other name designated by Franchisor (herein referred to as "**Franchised Business**" or "**Franchise Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Assignment. Lessee shall have the right, without further consent from Lessor, to sublease or assign all of Lessee's right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof, in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1 or otherwise. No assignment shall be effective until a Franchise Assignee gives Lessor written notice of its acceptance of the assignment and assumption of the Lease. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing, by a Franchise Assignee. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to sublet or reassign the Lease to another Franchise Assignee without Lessor's consent in accordance with Section 3(a) in which event Franchisor shall be released of any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

2. Default and Notice.

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall contemporaneously give both Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. Franchisor shall have the right, but not the obligation, to cure the default during Lessee's cure period plus an additional ten (10) day period. Franchisor will notify Lessor whether it intends to cure the default prior to the end of Lessee's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

ARCpoint Franchise Group, LLC  
North Main Street, Suite 301  
Greenville, SC 29601

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c. Following Franchisor's approval of the Lease, Lessee and Lessor agree not to terminate, alter, or amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, alteration, or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

3. Termination or Expiration.

a. Upon Lessee's default and failure to timely cure under either the Lease or the Franchise Agreement, a Franchise Assignee designated by Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest under the Collateral Assignment of Lease or otherwise, provided such Franchise Assignee cures a default of the Lease no later than ten (10) days following the end of Lessee's cure period.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises, and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the ARCpoint Labs marks and system, and to distinguish the Premises from a Franchised Business.

c. If any Franchise Assignee purchases any assets of Lessee, Lessor shall permit such Franchise Assignee to remove all the assets being purchased, and Lessor waives any lien rights that Lessor may have on such assets.

4. Consideration; No Liability.

a. Lessor acknowledges that the Franchise Agreement requires Lessee to receive Franchisor's approval of the Lease prior to Lessee executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Lessor acknowledges Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor, and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Lessor has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

5. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the parties hereto.

6. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

7. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

**IN TESTIMONY WHEREOF**, witness the signatures of the parties hereto as of the day, month, and year first written above.

**LESSOR:**

**LESSEE:**

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By:

By:

---

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Title:

Title:

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## SCHEDULE 1

### COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”) hereby assigns, transfers and sets over unto ARCpoint Franchise Group, LLC (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** (“**Lease**”) with respect to the premises located at \_\_\_\_\_. This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for an ARCpoint Labs franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

*(Signatures on following page)*

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ASSIGNEE:**

ARCPOINT FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_



**SCHEDULE 7 TO THE FRANCHISE AGREEMENT**

**FORM OF SBA ADDENDUM**



## ADDENDUM TO FRANCHISE

## AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ ("Franchisor"), located at \_\_\_\_\_, and \_\_\_\_\_ ("Franchisee"), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) \_\_\_\_\_ interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

## COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

## EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of FRANCHISOR :**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Authorized Representative of FRANCHISEE :**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

**SCHEDULE 8 TO THE FRANCHISE AGREEMENT**  
**STATE ADDENDA TO THE FRANCHISE AGREEMENT**

## **CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Notwithstanding anything to the contrary in the Franchise Agreement, and in accordance with California Business and Professions Code, Div. 8, Chapter 5.5, Sections 20000-20043 (the “California Franchise Relations Act”) and specifically Article 3, Sections 20020 and 20021 thereof, Franchisor may only terminate this Agreement without notice and an opportunity to cure for any of the following reasons:

- (a) The Franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the Franchisee admits his or her inability to pay his or her debts as they come due;
- (b) The Franchisee abandons the franchise by failing to operate the business for five consecutive days during which the Franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the Franchisor to conclude that the Franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the Franchisee’s control;
- (c) The Franchisor and franchisee agree in writing to terminate the franchise;
- (d) The Franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the Franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;
- (e) The Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;
- (f) The Franchisee, after curing any failure in accordance with Section 14.3 engages in the same noncompliance whether or not such noncompliance is corrected after notice;
- (g) The Franchisee breaches the Franchise Agreement three or more times in a 12-month period, whether or not corrected after notice;
- (h) The ARCpoint Labs Business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the Franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the Franchise Agreement or upon any property used in the ARCpoint Labs Business, and it is not discharged within five days of such levy;
- (i) The Franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;
- (j) The Franchisee fails to pay any franchise fees or other amounts due to the Franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or
- (k) The Franchisor makes a reasonable determination that continued operation of the franchise by the Franchisee will result in an imminent danger to public health or safety.

2. Pursuant to the California Franchise Relations Act and specifically Article 3 Section 20020 thereof, Franchisor may terminate this Agreement, after sending Franchisee notice and a 60 day opportunity to cure, for any other breach of this Agreement.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any

claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

ARCPOINT FRANCHISE GROUP, LLC:

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ILLINOIS ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.
2. 815 ILCS 705/41 provides as follows: “Sec. 41. Waivers void. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.”
3. Payment of Initial Franchise Fees will be deferred until the Franchisor has met its pre-opening obligations to Franchisee, and Franchisee has commenced operating its first ARCpoint Labs Business. If a Franchisee executes multiple franchise agreements in connection with a Multi-Franchise Addendum (“MFA”), then the Initial Franchise Fees for all of the franchise agreements subject to the MFA will be deferred until the Franchisor has met its pre-opening obligations to Franchisee with respect to the first ARCpoint Labs Business to be opened under the MFA and Franchisee has commenced operating its first ARCpoint Labs Business.
4. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
5. Franchisee’s rights upon termination are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ARCPOINT FRANCHISE GROUP, LLC:

Franchisee:\_\_\_\_\_

By: \_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

**MARYLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Based upon the franchisor's financials condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers under the multi-franchise addendum, shall be deferred until the first franchise under the franchise addendum opens.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
3. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. This Franchise Agreement provides that certain disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a Franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
5. All representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Sections 23.1 and 23.3 of the Franchise Agreement are hereby deleted.

ARCPOINT FRANCHISE GROUP, LLC:

Franchisee:\_\_\_\_\_

By: \_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_



## **MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
3. The Franchisor will protect the Franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. Minnesota considers it unfair to not protect the Franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
5. Minnesota Rules 2860.4400(D) prohibits a Franchisor from requiring a franchisee to assent to a general release.
6. The Franchisee cannot consent to the Franchisor obtaining injunctive relief. The Franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise. Also, a court will determine if a bond is required.
8. Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
9. Section 9.99 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 60A.113.
10. The Franchise Agreement is amended as follows: All initial franchise fees will be deferred until the franchisee opens for business.

*[signatures on following page]*

ARCPOINT FRANCHISE GROUP, LLC:

By: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**NORTH DAKOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. All initial franchise fees will be deferred until initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.
2. Franchisee is not required to sign a general release upon renewal of the Franchise Agreement.
3. The Franchise Agreement is amended to also provide as follows:  
  
“Covenants not to compete are generally considered unenforceable in the State of North Dakota.”
4. All matters coming under the North Dakota Franchise Investment Law may be brought in the courts of North Dakota.
5. North Dakota law governs any cause of action arising out of the Franchise Agreement.
6. Any requirement in the Franchise Agreement that requires Franchisee to pay all costs and expenses incurred by Franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ARCPOINT FRANCHISE GROUP, LLC:

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**RHODE ISLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.
2. Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.
3. Any provision in the Franchise Agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.
4. The Rhode Island Franchise Investment Act stipulates that Franchisee cannot release or waive any rights granted under this Act. Any provision of this Franchise Agreement, which constitutes a waiver of rights granted under the Act, is superseded.
5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ARCPOINT FRANCHISE GROUP, LLC:

Franchisee:\_\_\_\_\_

By: \_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

**VIRIGINA ADDENDUM**  
**TO THE FRANCHISE AGREEMENT & MULTI-UNIT ADDENDUM**

The Virginia State Corporations Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The Virginia State Corporations Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

ARCPOINT FRANCHISE GROUP, LLC:

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **WASHINGTON ADDENDUM**

### **TO THE FRANCHISE AGREEMENT & MULTI-UNIT ADDENDUM**

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal rights of Franchisee's franchise. There may also be court decisions that may supersede the Franchise Agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal of Franchisee's franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a Franchisee may bring an action or proceeding arising out of or in connection with the sale.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights signed by the Franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights, or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a Franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a Franchisee of the same Franchisor or (ii) soliciting or hiring any employee of the Franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi Franchise Addendum, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

Section 23.5 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Franchisee represents and acknowledges that it has not received any guarantee, express or implied, as to the revenues, profits, likelihood of success of the ARCpoint Labs Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

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

The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Except to the extent modified above, all other terms and provisions of the Franchise Agreement shall remain in full force and effect.

The undersigned does hereby acknowledge receipt of this addendum.

ARCPOINT FRANCHISE GROUP, LLC:

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**WISCONSIN ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflicts with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal, or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

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

ARCPOINT FRANCHISE GROUP, LLC:

Franchisee:\_\_\_\_\_

By: \_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_



**SCHEDULE 9 TO THE FRANCHISE AGREEMENT**

**MULTI-FRANCHISE ADDENDUM**

**ARCPOINT FRANCHISE GROUP, LLC**  
**MULTI-FRANCHISE ADDENDUM**

This Multi-Franchise Addendum (“MFA”) is dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“**Effective Date**”) by and between ARCpoint Franchise Group, LLC (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

**WITNESSETH:**

**WHEREAS**, Franchisor and Franchisee entered into certain franchise agreements of even date with this MFA (“**Franchise Agreements**”), whereby Franchisee was granted the right to develop and operate ARCpoint Labs Businesses, each to be located within a certain geographical territory (collectively, the “**Territories**”). All capitalized terms in this MFA shall have the meaning assigned to them in the Franchise Agreements, unless otherwise defined in the MFA.

**WHEREAS**, it is intended that Franchisee will develop and open the ARCpoint Lab Businesses licensed under the Franchise Agreements (each a “**ARCpoint Lab Business**” and collectively, the “**ARCpoint Lab Business**”) in accordance with the terms of the Franchise Agreements, as amended by this MFA.

**NOW THEREFORE**, in consideration of the promises contained herein and for other good and valuable consideration, the parties agree as follows:

1. **Development Schedule.**

Pursuant to the Franchise Agreements, within sixty (60) days of the Effective Date, Franchisee shall open Onsite/Online Operations for all of its ARCpoint Labs Businesses in each of its Territories.

Notwithstanding anything to the contrary in the Franchise Agreements, Franchisor and Franchisee further agree that Franchisee shall open an Accepted Location for Lab Operations in each of its Territories pursuant to the following Development Schedule:

Lab Operations for each Territory	Deadline to Open Lab Operations	Cumulative No. of Lab Operations to be in Operation
First	12 Months from Effective Date	1
Second	18 Months from Effective Date	2
Third	24 Months from Effective Date	3
Fourth	36 Months from Effective Date	4

The first ARCpoint Lab Business to satisfy the requirements of commencing Lab Operations at an Accepted Location within the relevant Territory shall be subject to the deadline listed above as “First”. The second ARCpoint Lab Business to satisfy the requirements of commencing Lab Operations at an Accepted Location within the relevant Territory shall be subject to the deadline listed above as “Second”. The third ARCpoint Lab Business to satisfy the requirements of commencing Lab Operations at an Accepted Location within the relevant Territory shall be subject to the deadline listed above as “Third”. The fourth ARCpoint Lab Business to satisfy the requirements of commencing Lab Operations at an Accepted Location within the relevant Territory shall be subject to the deadline listed above as “Fourth”.

If Franchisee (i) fails to meet or satisfy the timing in the above Development Schedule (including maintaining the requisite cumulative number of Lab Operations to be in operation at any time), Franchisor may, in its sole discretion, terminate the Franchise Agreements for any of your ARCpoint Lab Businesses that

have not commenced Lab Operations at the time of the breach; provided however that Franchisor must allow Franchisee thirty (30) days after giving notice of termination to cure this breach and meet Franchisee's obligations by opening the scheduled ARCpoint Labs Business(es). In the event of such termination, Franchisor will retain the Initial Franchise Fee for all opened and unopened ARCpoint Lab Businesses.

2. **Initial Fees.**

Notwithstanding anything to the contrary in the Franchise Agreements, Franchisee shall only be required to pay one (1) Initial Technology Fee of \$3,500, one (1) Initial Training Fee of \$18,500, one (1) New Owner Support Fee of \$13,500, one (1) Clinical Program Fee of \$2,500, and one (1) Sales Training Fee of \$3,000. For avoidance of doubt, nothing in this MFA shall affect Franchisee's obligation to pay a separate Monthly Technology Fee under each of the Franchise Agreements.

3. **Confidential Information**

This MFA and the terms contained herein are deemed Confidential Information under the terms of the Franchise Agreement.

4. **Effect of MFA**

In the event of any inconsistency between the terms of the MFA and the Franchise Agreements, the terms of the MFA will supersede and control. In all other respects, the terms of the Franchise Agreements are ratified and confirmed.

**FRANCHISOR:**

ARCPOINT FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Company Name

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Company Name

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**  
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**EXHIBIT E**

**LIST OF CURRENT AND FORMER FRANCHISEES**

**Current Franchisees as of December 31, 2022**

First Name	Last Name	Address	City	State	Zip	Phone Number
Terry	Pouncey	5510 Highway 280 South Suite 215	Birmingham	AL	35242	205-968-1090
Jessica	Hanson	2979 West Elliot Road Suite 1	Chandler	AZ	85224	480-590-6124
Kevin	Concannon	15455 North Greenway Hayden Loop Suite C-16	Scottsdale	AZ	85260	480-939-4656
Wendell	Long	6401 S Country Club Rd Suite 105	Tucson	AZ	85706	520-230-8900
Belle	Smith	24560 Silver Cloud Ct Suite 103	Monterey	CA	93940	831-975-4313
Belle	Smith	635 Sanborn Place Suite 24	Salinas	CA	93901	831-975-4313
Bob	Duncan	2320 S. Robertson Blvd Suite 102	Los Angeles	CA	90034	310-862-4333
Leslie	Elliott	7737 Meany Avenue Suite B-9	Bakersfield	CA	93308	661-679-6799
Luis	Luna	465 Del Norte Avenue	Yuba City	CA	95991	279-300-2700
Luis	Luna	150 Natoma Station Suite 100	Folsom	CA	95630	279-300-2700
Luis	Luna	6681 Blue Oaks Blvd Suite 1	Rocklin	CA	95765	279-300-2700
Maya	Patel	4340 Redwood Hwy	San Rafael	CA	94903	925-957-6870
Maya	Patel	3237 Alhambra Ave Suite 2	Martinez	CA	94553	925-957-6870
Scott	Murphy	405 Boulder Court Suite 100	Pleasanton	CA	94566	925-236-1700
Theresa	Oliver	8620 Sorensen Avenue Suite #4	Santa Fe Springs	CA	90670	562-696-3033
AkinKawon	Frierson	2744 US-1 South	St. Augustine	FL	32086	904-610-7920
Alex	Rodriguez	5021 SW 201st Terrace	Southwest Ranches	FL	33332	949-981-8197
Chris	Mayer	4989 West Atlantic Avenue	Delray Beach	FL	33445	561-420-0010
Chris	Mayer	5601 Corporate Way Suite 108	West Palm Beach	FL	33407	561-420-0010
Chris	Mayer	275 Toney Penna Drive #11	Jupiter	FL	33458	561-420-0010
Marie	Gray	2208 Quarry Drive Suite 207	Reading	FL	19609	
Greg	Archer	3221 NW 10th Terrace Suite 508	Fort Lauderdale	FL	33309	954-667-7908
Jay	Trumbull	913 Harrison Avenue	Panama City	FL	32401	850-215-4248
Jim	Carmona	774 Northlake Boulevard Suite 1008	Altamonte Springs	FL	32701	407-329-4133
Jim	Carmona	716 N. John Young Pkwy	Kissimmee	FL	34741	407-329-4133



First Name	Last Name	Address	City	State	Zip	Phone Number
Jitendra	Suman	4350 Fowler Street #2	Ft. Myers	FL	33901	925-523-1919
Khyati	Patel	2901 W Busch Blvd STE 206	Tampa	FL	33618	813-395-0000
Khyati	Patel	141 N Oakwood	Brandon	FL	33510	813-395-0000
Mariia	Demianchenko	2137 N University Drive	Coral Springs	FL	33071	754-333-7303
Nancy	Erickson	3410 Magic Oak Lane	Sarasota	FL	34232	941-388-7745
Ricardo	Alvarez de Lugo	7305 Southwest 107th Avenue	Miami	FL	33173	7864691050
Tapan	Vora	11150 N Williams Street Suite 101B	Dunnellon	FL	34432	941-773-2744
Tess	Relampagos	11363 San Jose Blvd. Suite 100	Jacksonville	FL	32223	904-568-5063
Edie	Swaggard-Green	3150 Golf Ridge Boulevard Suite 101	Douglasville	GA	30135	716-308-6266
Hassan	Choudhury	550 Pharr Rd Suite 200	Atlanta	GA	30305	470-738-8145
Monte	McDowell	3635 Savannah Place Drive	Duluth	GA	30096	404-576-0053
Parvish	Meradia	125 Atlanta Street	Barnesville	GA	30204	678-628-5056
Paul	Chukelu	11230 Alpharetta Highway Suite 116	Roswell	GA	30076	832-208-7864
Steve	Keever	664 Lanier Park Drive Suite B	Gainesville	GA	30501	770-297-5070
Steve	Slater	1659 Northwind Blvd.	Libertyville	IL	60048	847-485-0808
Ebonie	Gist	2593 Ogden Ave.	Downers Grove	IL	60515	708-963-1200
Ebonie	Gist	11006 W 179th Street	Orland Park	IL	60467	708-963-1200
Scott	McGarvey	4357 Ferguson Drive Suite 130	Cincinnati	KY	45245	859-444-6700
Scott	McGarvey	8174 Mall Road	Florence	KY	41042	859-444-6700
Brandi	Cothren	11135 Industriplex Boulevard Suite 1100	Baton Rouge	LA	70809	225-468-3228
Todd	Rowland	7043 Hwy 190 East Service Road Suite A	Covington	LA	70433	985-273-5544
Gauri	Bhalakia	324 Grove Street	Worcester	MA	1605	508-281-0501
Gauri	Bhalakia	333 Turnpike Rd Suite 103	Southborough	MA	01772	508-281-0501
Lanette	Duggan	5-11 Drydock Ave Suite 2020	Boston	MA	02210	617-340-2500
Matt	Pappas	400 West Cummings Park Suite 3500	Woburn	MA	01801	781-460-6020

First Name	Last Name	Address	City	State	Zip	Phone Number
Nirav	Patel	6020 Meadowridge Center Drive Suite O	Elkridge	MD	21075	410-781-1776
Robert	Goodman	6 Post Office Road Suite 102	Waldorf	MD	20602	301-645-5227
David	Johnson	14690 Galaxie Ave #110	Minneapolis	MN	55124	952-356-5884
Fahima	Abdi	21897 South Diamond Lake Road Suite 650	Rogers	MN	55374	612-644-9405
Fartun	Hussein	2336 Central Avenue Northeast	Minneapolis	MN	55418	952-955-9840
Fartun	Hussein	701 Decatur Avenue N Suite 101	Golden Valley	MN	55427	952-955-9840
Paul	Kahlert	6554 Edenvale Blvd	Eden Prairie	MN	55346	952-513-7174
Paul	Kahlert	7685 Parklawn Avenue Suite 200	Edina	MN	55435	952-513-7174
Scott	Lambert	11255 Olive Blvd	St. Louis	MO	63141	314-597-6767
Eric	Fockler	2136 Ayrsley Town Boulevard Suite B	Charlotte	NC	28273	803-818-2120
Eric	Fockler	725 Cherry Rd Ste 140	Rock Hill	NC	29732	803-818-2120
Jeff	Allen	3221 Henderson Drive	Jacksonville	NC	28546	910-758-5168
Jeff	Allen	2315 Executive Circle Suite B	Greenville	NC	27834	910-758-5168
Jeff	Allen	605 S. Reilly Road Suite 104	Fayetteville	NC	28314	910-758-5168
Jeff	Allen	2500 Trent Road Suite 34	New Bern	NC	28562	910-758-5168
Josh	Neelon	3726 Vest Mill Road	Winston-Salem	NC	27103	336-999-8298
Senthil	Kumar	3326 Durham Chapel Hill Blvd Suite A 110	Durham	NC	27707	919-338-7904
Senthil	Kumar	3813 Junction Blvd	Raleigh	NC	27603	919-338-7904
Steve	Hodun	1252 26th St SE	Hickory	NC	28602	828-483-5800
Tene	Osahar	2242 W. Roosevelt Suite E	Monroe	NC	28110	704-777-1114
Scott	Kaminski	310 Regency Parkway Suite 110	Omaha	NE	68114	402-505-9191
JP	Clemens	1542 Kuser Rd Unit B-4	Hamiltto	NJ	8619	609-557-3350
Jimmy	Platt	3365 East Flamingo Road Suite 4	Las Vegas	NV	89121	702-451-5434
Oreste	Cerilli	3019 Production Court	Dayton	OH	45414	937-306-6038
Saran	Palaniswamy	1335 Dublin Road Suite 118-E	Columbus	OH	43215	614-218-3553
Keith	Hall	2126 S. Meridian Avenue	Oklahoma City	OK	73108	405-724-2010
Shelly	Sagar	2010 Southeast 182nd Avenue	Portland	OR	97233	360-661-8477

First Name	Last Name	Address	City	State	Zip	Phone Number
Albert	Dallao	2208 Quarry Drive Suite 207	Reading	PA	19609	484-926-2505
Bhavin	Pathak	205 Grandview Avenue Suite 303	Camp Hill	PA	17011	717-562-4940
Bob	Kondraske	275 South Main Street Suite #4	Doylestown	PA	18901	215-230-3879
Jean	DeFilippis	8158 Perry Highway	Pittsburgh	PA	15237	724-906-4086
Khushroo	Shroff	4022 Market Street	Philadelphia	PA	19104	267-639-3342
Khushroo	Shroff	233 S, 6th Street Unit C-2	Philadelphia	PA	19106	267-639-3342
Rob	Sykes	1012 West Ninth Ave Suite 130	King of Prussia	PA	19406	484-370-2725
Byron	Berry	960 Graham Road Suite 4	Cuyahoga Falls	SC	44221	864-716-0923
Byron	Berry	355 Woodruff Rd Suite 403	Greenville	SC	29607	864-716-0923
Byron	Berry	1704 East Greenville Street Suite 1D	Anderson	SC	29621	864-716-0923
Gibbs	Jones	115 Southport Road Suite L	Spartanburg	SC	29306	803-795-4290
Gibbs	Jones	634 Sunset Blvd	Columbia	SC	29169	803-795-4290
Lisa	Leland	2831 Tricom Street Suite B	North Charleston	SC	29406	843-491-1075
Craig	Parker	2525 Perimeter Place Drive Suite 106	Nashville	TN	37214	865-789-5415
Ed	Coffey	6102 Shallowford Road Suite 102	Chattanooga	TN	37421	423-468-3734
Arturo	Ramirez	4002 Belt Line Rd. Suite 110	Addison	TX	75001	602-502-4002
Celsey	Sandburg	11200 Northwest Freeway Suite 500	Houston	TX	77092	281-732-6242
Gerald	Okafor	5224 South Hwy 360	Grand Prairie	TX	75052	817-983-8017
David	Hopkins	16868 Hwy 3	Webster	TX	77598	832-808-5936
Gladys	Nyamimba	6100 K AVENUE SUITE 108	Plano	TX	75074	214-586-4139
Kathleen	Buckland	2520 Research Forest Drive Suite 400	The Woodlands	TX	77381	936-283-4099
Malik	Moti	18 Gruene Park Drive	New Braunfels	TX	78130	210-860-2834
Pat	Prokop	9920 Highway 90 A Suite 160 D	Sugar Land	TX	77478	346-279-0097
Paul	Casterlin	921 West New Hope Drive Suite 103B	Cedar Park	TX	78613	512-772-5110
Paul	Casterlin	6448 East Hwy 290 Suite E105	North Austin	TX	78723	512-772-5110
Richard	Duarte	1139 Southeast Military Drive Suite 108	San Antonio	TX	78214	726-800-6800
Richard	Duarte	8666 Huebner Road Suite 102	San Antonio	TX	78240	726-800-6800

First Name	Last Name	Address	City	State	Zip	Phone Number
Scott	Callis	8925 Sterling Street Suite 255	Irving	TX	75063	940-380-2988
Scott	Callis	2757 Airport Freeway	Fort Worth	TX	76111	940-380-2988
Scott	Callis	4234 N I-35	Denton	TX	76207	940-380-2988
Vincent	Balogun	7447 Harwin Drive Suite A 103	Houston	TX	77036	832-285-3132
Denis	Tebit	20276 Timberlake Road	Lynchburg	VA	24502	216-832-4757
Denis	Tebit	1627 E. Main Street	Salem	VA	24153	216-832-4757
Denis	Tebit	2955 Market St. NE Suite B2	Christiansburg	VA	24073	216-832-4757
Michelle	Bratcher	2004 Brema Rd. Suite 103	Richmond	VA	23226	804-592-2652
Rudy	Patel	903 Enterprise Pkwy Ste 140	Hampton	VA	23666	757-304-3013
Rudy	Patel	742 Florida Ave.	Portsmouth	VA	23707	757-304-3013
Rudy	Patel	4624 Pembroke Blvd Suite 102	Virginia Beach	VA	23455	757-304-3013
Brett	Kinney	4220 Meridian Street Suite 101	Bellingham	WA	98226	425-344-8300
Brett	Kinney	17306 Smokey Point Drive Suite 19	Arlington	WA	98223	425-344-8300
Taylor	Collyer	1818 South Union Avenue	Tacoma	WA	98405	425-264-5251
Taylor	Collyer	4300 Talbot Road S. Bldg 200	Renton	WA	98055	425-264-5251
Taylor	Collyer	4636 East Marginal Way South, Suite B 250	Seattle	WA	98134	425-264-5251
Alan	Wedal	4125 N 124th Street Suite G	Brookfield	WI	53005	262-923-8386

**Affiliate-Owned Locations as of December 31, 2022**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone Number</b>
ARCpoint Labs of Downtown Greenville	101. N. Main St., Suite E	Greenville	SC	29601	814-618-2809
Occupational Drug Screening, Inc.	355 Woodruff Road, Suite 403	Greenville	SC	29607	864-609-5015
Occupational Drug Screening, Inc.	1704 E. Greenville Street, #1D	Anderson	SC	29621	864-716-0923
ODS Coastal, LLC	2831 Tricom Street, Suite B North	Charleston	SC	29406	843-491-1075
ODS of Midwest, LLC	111 Stow Avenue, Suite 106	Cuyahoga Falls	OH	44221	330-923-8925

**Franchisees with Unopened Outlets as of December 31, 2022:**

<b>First Name</b>	<b>Last Name</b>	<b>State</b>	<b>Phone Number</b>
1. Nick	Mastrodicasa	AK	907-529-2403
2. Terry	Pouncey	AL	205-305-2801
3. Kevin	Concannon	AZ	480-939-4656
4. Kevin	Concannon	AZ	480-939-4656
5. Wendell	Long	AZ	520-800-9235
6. Asad	Abu-Tarif	CA	949-870-0741
7. Craig	Trenton	CA	898-405-6766
8. Harminder	Bajaj	CA	650- 302-0345
9. Luis	Luna	CA	279-300-2700
10. Maya	Patel	CA	925-957-6870
11. Tony	Oliver	CA	510-851-0285
12. Tony	Oliver	CA	510-851-0285
13. Raj	Anthonypillai	CT	860-796-0065
14. Kirk	Kirkov	DC	202-808-3389
15. Dmitriy	Kim	DE	206-235-6528
16. Chris	Mayer	FL	305-323-9629
17. Doc	Ojukwu	FL	305-785-5424
18. Greg	Archer	FL	704-905-4372
19. Jim	Carmona	FL	203-586-9354
20. Jim	Carmona	FL	203-586-9354
21. Jitendra	Suman	FL	925-523-1919
22. Ricardo	Andrade	FL	786-402-9217
23. Roopal	Shah	FL	813-410-3790
24. Sam	Fahmy	FL	407-916-9556
25. Tapan	Vora	FL	941-773-2744
26. Abiola	Oloruntoba	GA	404-791-3060
27. David	Little	GA	478-250-5120
28. Monte	McDowell	GA	404-576-0053
29. Steve	Keever	GA	770-335-9912
30. Steve	Keever	GA	770-335-9912
31. Mezgebe	Gebrekiastos	IL	630-207-7682
32. Alex	Sanchez	KY	613-818-1675
33. Brandi	Cothren	LA	225-241-7048
34. Todd	Rowland	LA	504-520-0010
35. Lanette	Duggan	MA	617-340-2500
36. Lanette	Duggan	MA	617-340-2500
37. Matt	Pappas	MA	617-991-4500
38. Shirley	Steele	MD	202-423-8972
39. Shoaib	Khan	MD	209-743-0124
40. David	Johnson	MN	651-400-9388
41. Hetal	Pandya	NC	980-313-2313
42. Jeff	Neelon	NC	910-258-4706

43. Jeff	Neelon	NC	910-258-4706
44. Senthil	Kumar	NC	919-999-7805
45. Senthil	Kumar	NC	919-999-7805
46. Shonda	Rountree	NC	919-607-5188
47. Steve	Hodun	NC	828-216-4019
48. Scott	Kaminski	NE	402-536-0747
49. Jean Paul	Clemens	NJ	571-218-0487
50. Jean Paul	Clemens	NJ	571-218-0487
51. Laura	Cavanaugh	OH	614-570-8081
52. Saran	Palaniswamy	OH	614-484-5115
53. Byron	Berry	OH	330-923-8925
54. Scott	McGarvey	OH	859-835-2510
55. Keith	Hall	OK	405-740-1187
56. Keith	Hall	OK	405-740-1187
57. Bob	Kondraske	PA	215-219-4086
58. Bob	Kondraske	PA	215-219-4086
59. Fumi	Ogunsemore	PA	484-951-8524
60. Jean	DeFilippis	PA	412-302-9313
61. Jean	DeFilippis	PA	412-302-9313
62. Jean	DeFilippis	PA	412-302-9313
63. Jean	DeFilippis	PA	412-302-9313
64. Rob	Sykes	PA	484-370-2725
65. Gibbs	Jones	SC	352-223-1723
66. Ed	Coffey	TN	423-645-8722
67. Arturo	Ramirez	TX	602-502-4002
68. Dac	Jackson	TX	817-691-3660
69. Esther	Adeniyi	TX	307-739-9050
70. Kathleen	Buckland	TX	214-334-8074
71. Kemka	Hekerem	TX	806-283-8037
72. Patrick	Prokop	TX	847-977-2916
73. Paul	Casterlin	TX	512-423-5653
74. Remi	Afonja	TX	512-679-8992
75. Scott	Callis	TX	469-209-7400
76. Scott	Callis	TX	469-209-7400
77. Jon	Helm	VA	703-980-6882
78. Rudy	Patel	VA	757-304-3013
79. Rudy	Patel	VA	757-304-3013
80. Rudy	Patel	VA	757-304-3013
81. Rudy	Patel	VA	757-304-3013
82. Rudy	Patel	VA	757-304-3013
83. Timika	Pierce	VA	301-456-4945
84. Brett	Kinney	WA	360-922-0275
85. Alan	Wedal	WI	734-560-9309
86. Steve	Slater	WI	847-485-0808

The phone number and location of these unopened outlets has not yet been determined. The phone numbers provided here are contact information for the franchisee at another ARCpoint Labs business that they own and operate or their personal contact information.

#### **Former Franchisees:**

The name and last known address of every franchisee who had an ARCpoint Labs Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

<b>First Name</b>	<b>Last Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone #</b>
Jennifer	Law	6639 Southpoint, Parkway Suite 106	Jacksonville	FL	32216	904-990-1416
Esmeralda	Beltran	5201 Ravenswood, Road Suite 121	Ft. Lauderdale	FL	33312	954-963-7763
Jennifer	Sandberg	5830 Oberlin Drive, Suite 204	San Diego	CA	92121	858-484-9999
Cheryl	Gray- Grote	7100 Oakmont Bld, Suite 104	Fort Worth	TX	76132	855-427-2768
Jeff	Howard <sup>1</sup>	4355 Starkey Road, Suite 8	Roanoke	VA	24018	540-274-1077
Anne	Kurilich	1375 Remington Road Suite A	Schaumburg	IL	60173	847-857-6379
Carl	Wang	2757 Airport Freeway	Fort Worth	TX	76111	408-677-0188
Joyce	Pasterak	4350 Fowler Street #2	Fort Myers	FL	33901	239-910-5000
Navtejpal	Kahlon	3065 Richmond Parkway Suite 103	Richmond	CA	94806	925-678-0360
Jeff	Allen	181 Enterprise Ave.	Cape Carteret	NC	28584	919-796-3298
Timea	Majoros	3065 Richmond Parkway Suite 103	Richmond	CA	94806	973-868-9864

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<sup>1</sup> Jeff Howard transferred one unit and closed one unit.



**EXHIBIT F**

**STATE ADDENDA TO THE DISCLOSURE DOCUMENT**

## **CALIFORNIA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

The “Risk Factors” on the second page of the Disclosure Document are amended to also include the following:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 5 of the Disclosure Document is amended as follows:

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

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

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

The franchise agreement requires application of the laws of South Carolina. This provision may not be enforceable under California law.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur at Greenville, South Carolina, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of the Department of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claim if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the franchise investment law (California Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Our website is located at [www.ARCpointLabs.com](http://www.ARCpointLabs.com)

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

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

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

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

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

## **HAWAII ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, HI 96813

## **ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT**

Items 5 and 7 are modified to provide that payment of Initial Franchise Fees will be deferred until we have met our pre-opening obligations to you, and you have commenced operating your first ARCpoint Labs Business. If you execute multiple franchise agreements in connection with a Multi-Franchise Addendum (“MFA”), then the Initial Franchise Fees for all of the franchise agreements subject to the MFA will be deferred until the we have met our pre-opening obligations to you with respect to the first ARCpoint Labs Business to be opened under the MFA and you have commenced operating your first ARCpoint Labs Business.

The following is added to Item 17:

The Illinois Franchise Disclosure Act (the “Act”), Section 4, prohibits any agreement that specifies jurisdiction or venue of any lawsuit in a place outside of the state of Illinois. The Act does permit agreements to require you to arbitrate outside the state of Illinois.

The Act prohibits choice of law provisions that would require the application of any laws except the laws of the state of Illinois (Section 41).

You cannot waive any of your rights given to you by the Act (Section 41). You may have other rights under the Act or other laws of the state of Illinois.

To the extent that the Franchise Agreement is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced, and the terms of the applicable Illinois law shall apply.

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

## **INDIANA ADDENDUM TO THE DISCLOSURE DOCUMENT**

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

## **MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT**

Item 5 is amended as follows:

Based upon the franchisor's financials condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers under the multi-franchise addendum, shall be deferred until the first franchise under the franchise addendum opens.

Sections (c) and (l) of Item 17 are amended by adding the following language:

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Section (u) of Item 17 is amended by adding the following language:

The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Item 17 is amended by adding the following language after the table:

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.).

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

## **MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
4. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
5. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
7. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
8. Item 6 of the Disclosure Document is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
9. Items 5 and 7 of the Disclosure Document are amended as follows: All initial franchise fees will be deferred until the franchisee opens for business.
10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



## **NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” section of Item 17(c), titled “**Requirements for franchisee to renew or extend**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of Law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. The following is added to the end of Item 17:

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

## **NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

**Restrictive Covenants:** To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

**Applicable Laws:** North Dakota law will govern the franchise agreement.

**Waiver of Trial by Jury:** Any waiver of a trial by jury will not apply to North Dakota Franchises.

**Waiver of Exemplary & Punitive Damages:** Any waiver of punitive damages will not apply to North Dakota Franchisees.

**General Release:** Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

**Enforcement of Agreement:** Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

All initial franchise fees will be deferred until initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

## **RHODE ISLAND ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.

Item 17 is revised to add the following language to the end:

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

## **SOUTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

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

## **VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 5 is amended as follows:

The Virginia State Corporations Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for ARCpoint Franchise Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

## **WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT**

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi Franchise Addendum, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

The “Summary” section of Item 17(d) is revised to state “Franchisee may terminate under any grounds permitted by law.”

Exhibit G-1 to the Franchise Disclosure Document (“General Release”) is revised to state that, “The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.”

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

The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.



## **WISCONSIN ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

2. Item 17 is further modified to include the following language at the end:

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

## **EXHIBIT G**

### **CONTRACTS FOR USE WITH THE ARCPOINT LABS FRANCHISE**

The following contracts contained in Exhibit G are contracts that a franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the ARCpoint Labs Business. The following are the forms of contracts that ARCpoint Franchise Group, LLC uses as of the Issuance Date of this Franchise Disclosure Document. These agreements are subject to change at any time.

**EXHIBIT G-1**

**ARCPOINT FRANCHISE GROUP, LLC**

**SAMPLE GENERAL RELEASE AGREEMENT**

**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims ("Release") is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of ARCpoint Franchise Group, LLC, a South Carolina limited liability company ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate an ARCpoint Labs business;

**WHEREAS**, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee (**enter into a successor franchise agreement**), and Franchisor has consented to such transfer (**agreed to enter into a successor franchise agreement**); and

**WHEREAS**, as a condition to Franchisor's consent to the transfer (**Franchisee's ability to enter into a successor franchise agreement**), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor's consent to the transfer (**Franchisor entering into a successor franchise agreement**), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of South Carolina.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. A general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

*(Signatures on following page)*

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

## **EXHIBIT G-2**

### **ARCPOINT FRANCHISE GROUP, LLC**

#### **SAMPLE SYSTEM PROTECTION AGREEMENT**

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of ARCpoint Franchise Group, LLC, a South Carolina limited liability company, and its successors and assigns (“us”, “we” or “our”), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes an ARCpoint Labs business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of an ARCpoint Labs business or the solicitation or offer of an ARCpoint Labs franchise, whether now in existence or created in the future.

“*Franchisee*” means the ARCpoint Labs franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an ARCpoint Labs business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an ARCpoint Labs business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an ARCpoint Labs business, including “ARCPOINT LABS,” and any other trademarks, service marks, or trade names that we designate for use by an ARCpoint Labs business. The term “Marks” also includes any distinctive trade dress used to identify an ARCpoint Labs business, whether now in existence or hereafter created.

*“Prohibited Activities”* means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

*“Restricted Period”* means the two (2)-year period after you cease to be a manager or officer of Franchisee’s ARCpoint Labs business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the nine (9) month period after you cease to be a manager or officer of Franchisee’s ARCpoint Labs business.

*“Restricted Territory”* means the geographic area within: (i) a 50-mile radius from Franchisee’s ARCpoint Labs business (and including the premises of the approved location of Franchisee); and (ii) a 50-mile radius from all other ARCpoint Labs businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 25-mile radius from Franchisee’s ARCpoint Labs business (and including the premises of the approved location of Franchisee) or as otherwise ordered by the Court.

*“System”* means our system for the establishment, development, operation, and management of an ARCpoint Labs business, including Know-how, proprietary programs and products, Manual, and operating system.

2. **Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. **Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the ARCpoint Labs business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s ARCpoint Labs business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s ARCpoint Labs business by engaging in any Prohibited Activities.

5. **Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the

Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. **Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. **Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other ARCpoint Labs franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. **Miscellaneous.**

9.1 If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

9.2 This Agreement will be governed by, construed, and enforced under the laws of South Carolina, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

9.3 Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.



9.4 You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

*(Signatures on following page)*

EXECUTED on the date stated below.

Date\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

### **EXHIBIT G-3**

#### **ARCPOINT FRANCHISE GROUP, LLC**

#### **SAMPLE CONFIDENTIALITY AGREEMENT**

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of ARCpoint Franchise Group, LLC, a South Carolina limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*ARCpoint Labs Business*” means a business that provides full service drug and alcohol screening and testing, DNA, clinical lab, random, post-accident, reasonable suspicion, and other testing; training programs; Department of Transportation program management; and pre-employment background screening for schools, government, businesses, and private individuals and other related products and services using our Intellectual Property.

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow ARCpoint Labs franchisees to use, sell, or display in connection with the marketing and/or operation of an ARCpoint Labs Business, whether now in existence or created in the future.

“*Franchisee*” means the ARCpoint Labs franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an ARCpoint Labs Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an ARCpoint Labs Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an ARCpoint Labs Business, including “ARCPOINT LABS” and any other trademarks, service marks, or trade names that we designate for use by an ARCpoint Labs Business. The term “Marks” also includes any distinctive trade dress used to identify an ARCpoint Labs Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of an ARCpoint Labs Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. **Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees,

and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. **Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the ARCpoint Labs Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of ARCpoint Franchise Group, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. **Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. **Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other ARCpoint Labs franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. **Miscellaneous.**

a. Although this Agreement is entered into in favor of ARCpoint Franchise Group, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of South Carolina, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

**EXHIBIT G-4**

**PROMISSORY NOTES**

**PROMISSORY NOTE- SOLE PROPRIETORSHIP, JOINT TENANTS,  
TENANTS IN COMMON**

\$ \_\_\_\_\_

Date \_\_\_\_\_  
Greenville, South Carolina

For and in consideration of good and valuable consideration, the undersigned promises to pay to the order of ARCpoint Franchise Group, LLC ["Holder"] at 101 North Main Street, Suite 301, Greenville, SC 29601, or at Holder's option, at such other place as may be designated from time to time by Holder, the amount stated above, together with interest at the rate of \_\_\_\_ percent (\_\_\_\_%) per annum on the unpaid balance computed from the date provided above, payable as follows:

[insert repayment terms]

Interest under this Note will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The undersigned represents and warrants to Holder that the loan evidenced by this Note is being made for business, commercial or investment purposes. The undersigned may prepay this Note, in whole or in part, without penalty, at any time.

The undersigned agrees to pay all attorney fees and other costs and expenses that Holder may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as maker, endorser, surety, guarantor or otherwise, and any holder (collectively hereafter "Obligor"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that Holder may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (a) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note; (b) any renewal of this Note, in whole or in part; (c) any full or partial release or discharge from liability under this Note of any other Obligor; (d) any waiver of any default under this Note or other agreement between the Lender and any Obligor relating to the indebtedness evidenced by this Note; or (e) any agreement with the Maker changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note: (a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note; (b) the death, dissolution, merger, consolidation or termination of existence of any Obligor; (c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document or instrument to which any Obligor and Holder are parties; (d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors; (e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy

laws or any state insolvency statute; or (f) a receiver is appointed for, or a writ or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of Holder, without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between Holder and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

Each Obligor hereby waives trial by jury in any action or proceeding to which such Obligor and Holder may be parties, arising out of, in connection with or in any way pertaining to, this Note. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such action or proceeding, including claims against parties who are not parties to this Note. This waiver is knowingly, willingly and voluntarily made by each Obligor, and each Obligor hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury and that each Obligor has been represented in the signing of this Note and in the making of this waiver by independent legal counsel, or has had the opportunity to be represented by independent legal counsel selected of its own free will, and that it has had the opportunity to discuss this waiver with its counsel.

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of Holder, its successors and assigns.

This Note shall be construed in all respects and enforced according to the laws of the State of South Carolina.

WITNESS the following signature(s) and seal(s):

---

Signature of Maker

---

Signature of Maker

---

Printed Name of Maker

---

Printed Name of Maker

Home Address:

Home Address:

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## PROMISSORY NOTE- ENTITY

\$ \_\_\_\_\_

Date \_\_\_\_\_  
Greenville, South Carolina

For and in consideration of good and valuable consideration, the undersigned promises to pay to the order of ARCpoint Franchise Group, LLC ["Holder"] at 101 North Main Street, Suite 301, Greenville, SC 29601, or at Holder's option, at such other place as may be designated from time to time by Holder, the amount stated above, together with interest at the rate of \_\_\_\_ percent (\_\_\_\_%) per annum on the unpaid balance computed from the date provided above, payable as follows:

[insert repayment terms]

Interest under this Note will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The undersigned represents and warrants to Holder that the loan evidenced by this Note is being made for business, commercial or investment purposes. The undersigned may prepay this Note, in whole or in part, without penalty, at any time.

The undersigned agrees to pay all attorney fees and other costs and expenses that Holder may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as maker, endorser, surety, guarantor or otherwise, and any holder (collectively hereafter "Obligor"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that Holder may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (a) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note; (b) any renewal of this Note, in whole or in part; (c) any full or partial release or discharge from liability under this Note of any other Obligor; (d) any waiver of any default under this Note or other agreement between the Lender and any Obligor relating to the indebtedness evidenced by this Note; or (e) any agreement with the Maker changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note: (a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note; (b) the death, dissolution, merger, consolidation or termination of existence of any Obligor; (c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document or instrument to which any Obligor and Holder are parties; (d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors; (e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy

laws or any state insolvency statute; or (f) a receiver is appointed for, or a writ or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of Holder, without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between Holder and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

Each Obligor hereby waives trial by jury in any action or proceeding to which such Obligor and Holder may be parties, arising out of, in connection with or in any way pertaining to, this Note. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such action or proceeding, including claims against parties who are not parties to this Note. This waiver is knowingly, willingly and voluntarily made by each Obligor, and each Obligor hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury and that each Obligor has been represented in the signing of this Note and in the making of this waiver by independent legal counsel, or has had the opportunity to be represented by independent legal counsel selected of its own free will, and that it has had the opportunity to discuss this waiver with its counsel.

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of Holder, its successors and assigns.

This Note shall be construed in all respects and enforced according to the laws of the State of South Carolina.

WITNESS the following signature(s) and seal(s):

**Maker:** \_\_\_\_\_  
(Enter Name of Entity Here)

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Guarantors:**

\_\_\_\_\_  
Signature of Guarantor

\_\_\_\_\_  
Signature of Guarantor

\_\_\_\_\_  
Printed Name of Guarantor

\_\_\_\_\_  
Printed Name of Guarantor

Home Address:

Home Address:

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\_\_\_\_\_  
Signature of Guarantor

\_\_\_\_\_  
Printed Name of Guarantor

Home Address:  
  
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\_\_\_\_\_  
Signature of Guarantor

\_\_\_\_\_  
Printed Name of Guarantor

Home Address:  
  
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\_\_\_\_\_

## **ARCPPOINT FRANCHISE GROUP, LLC**

### **STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
CALIFORNIA	Pending
HAWAII	Pending
ILLINOIS	Pending
INDIANA	Pending
MARYLAND	Pending
MICHIGAN	Pending
MINNESOTA	Pending
NEW YORK	Pending
NORTH DAKOTA	Pending
RHODE ISLAND	Pending
SOUTH DAKOTA	Pending
VIRGINIA	Pending
WASHINGTON	Pending
WISCONSIN	Pending

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

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If ARCpoint Franchise Group, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If ARCpoint Franchise Group, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:	
John Constantine, 101 North Main Street, Suite 301, Greenville, SC 29601; (864) 271-3210	
Hasty Sarayani, 845 Wilson Avenue, Unit 204, North York, Ontario, Canada; (864) 271-3210	
Ashley Wells, 101 North Main Street, Suite 301, Greenville, SC 29601; (864) 271-3210	
Kioumars Amini, 845 Wilson Avenue, Unit 204, North York, Ontario, Canada; (864) 271-3210	
Haigen Mirando, 101 North Main Street, Suite 301, Greenville, SC 29601; (864) 271-3210	
Ricardo Belilla, 101 N Main St Suite 301 Greenville SC 29601; (864) 271-3210	
Shane Gregerson, 845 Wilson Ave Unit 405 North York, ON Canada; (647) 971-8365	

Issuance Date: March 31, 2023, as amended April 26, 2023.

I received a disclosure document issued March 31, 2023, as amended April 26, 2023, which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Schedule 1	Franchise Data Sheet
Schedule 2	Accepted Location and Territory
Schedule 3	Owner's Agreement
Schedule 4	Statement of Ownership
Schedule 5	Automatic Bank Draft Authorization
Schedule 6	Form of Lease Addendum
Schedule 7	Form of SBA Addendum

	Schedule 8	State Addenda to the Franchise Agreement
	Schedule 9	Form of Multi-Franchise Addendum
Exhibit D		Confidential Operations Manual Table of Contents
Exhibit E		List of Current and Former Franchisees
Exhibit F		State Addenda to the Disclosure Document
Exhibit G		Other Agreements
Exhibit G-1		Form of General Release Agreement
Exhibit G-2		Form of System Protection Agreement
Exhibit G-3		Form of Confidentiality Agreement
Exhibit G-4		Form of Promissory Note
Exhibit H		State Effective Dates

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**

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Michigan requires that we give you this Disclosure Document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If ARCpoint Franchise Group, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

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Exhibit H		State Effective Dates

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

**Please sign this copy of the receipt, date your signature, and return it to ARCpoint Franchise Group, LLC, 101 North Main Street, Suite 301, Greenville, SC 29601.**