

## FRANCHISE DISCLOSURE DOCUMENT



AumBio Franchising, LLC  
An Illinois Limited Liability Company  
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As a Franchisee, you will operate a alternative holistic wellness center, providing client wellness consultations and therapies.

The total investment necessary to begin operation of a AumBio franchise is \$159,320 to \$267,620. This includes \$50,000 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation under a three- unit Multi-Unit Development Agreement (including the first unit) is \$234,320 to \$342,620. This includes \$125,000 that must be paid to the franchisor. You may develop up to three AumBio units under the Multi-Unit Development Agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 terms of your contract govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 19, 2025

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	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.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to Franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does Franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only AumBio business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether Franchisor and other Franchisees can compete with you.
<b>Does Franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether Franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a AumBio Franchisee?</b>	Item 20 or Exhibit E lists current and former Franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 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 Franchisor, or a limited group of suppliers 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, 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 may also have laws that require special disclosure 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 Franchisor by mediation, arbitration and/or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with Franchisor in Illinois than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (See Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

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- A State Administrators and Agents for Service of Process by State
- B AumBio Franchise Agreement
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  - Schedule B - Lease Addendum
  - Schedule C - Authorization for Electric Funds Transfer
  - Schedule D - Personal Guaranty of Franchisee's Principal Owners
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- E List of Franchisees
- F Operations Manual Table of Contents
- G Receipt

SEE THE SUPPLEMENTAL COVER PAGE(S), IF ANY, FOR THIS STATE WHICH PRECEDE THIS PAGE AND SEE THE STATE ADDENDUM, IF ANY, FOR THIS STATE WHICH IS ATTACHED TO THIS DISCLOSURE DOCUMENT FOR ANY ADDITIONAL DISCLOSURES REQUIRED BY THE LAWS OF THIS STATE.

## AUMBIO FRANCHISING, LLC

### ITEM I

#### **THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, the terms “we”, “us”, the “Company”, or “Franchisor” means AumBio Franchising, LLC, the franchisor. The term “you”, means the person buying the franchise. If you are a corporation, partnership, or other business entity, “you” includes your principals unless otherwise stated. As used in this Disclosure Document, the term “principals” means your spouse, if you are an individual, and your owners, if you are a corporation, partnership, limited liability company or other legal entity. If any owner is a corporation, partnership, Limited Liability Company, or other legal entity, then the term “principals” also includes all owners of that entity.

#### **The Franchisor**

We are an Illinois limited liability company. We were formed on August 28, 2023. Our principal business address is 1645 Hicks Rd., Unit C, Rolling Meadows, IL 60008. Our telephone number is 847-358-5858. We do business only under our entity name, “AumBio”, or “AumBio Center”. We have offered franchises since October 17, 2023. We are not engaged in the operation of businesses substantially similar to those offered in this Disclosure Document. We are not engaged in any other business activities other than the franchising of AumBio businesses.

We list our agents for service of process in Exhibit A to this Disclosure Document.

We have written the Disclosure Document in “plain English” to comply with legal requirements. Any differences in the language in this Disclosure Document describing the terms, conditions or obligations under the Franchise Agreement, or any other agreements is not intended to alter in any way your or our rights or obligations under the particular agreement.

#### **Our Parent, Predecessor and Affiliates**

We have no parent. Our predecessor and affiliate is Aum-Bio, Inc., an Illinois corporation formed on July 2, 2003. Aum-Bio owns and operates 3 holistic wellness center businesses which are substantially similar to the businesses to be franchised and has never engaged in franchising activities in this or in any other line of business.

#### **Our Business**

We own the trademark “AumBio” and certain trademarks, trade names, service marks, logotypes and other commercial symbols related to it (collectively, the “Marks”). We have developed a unique concept and system for the establishment and operation of alternative holistic wellness centers (the “System”). The System includes the use of certain equipment and methods, distinctive standards, specifications, and procedures for operations; quality and uniformity of services offered; training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and the Manuals, which you should expect to evolve over time, that are provided to you as a Franchisee.

AumBio centers are operated under the Marks and the System in accordance with the terms of the Franchise Agreement. The Centers are generally located within shopping centers, business parks, medical plazas, multi-use developments, urban and suburban locations. AumBio Centers will typically be at least 700 to 2,000 square feet in size.

### **The Franchise Agreement**

We offer the right to establish and operate a AumBio Center under the terms of a single unit franchise agreement within a specific Territory (the “Franchise Agreement”), Exhibit “B” to this Disclosure Document. You may be an individual, corporation, partnership, or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee’s Principals. The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals. In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Controlling Principals. By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities in which your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

Upon establishing each additional outlet under the Multi-Unit Development Agreement, the franchisee/developer will be required to sign a then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this FDD.

### **Market and Competition**

Alternative holistic health center businesses are fragmented and currently not well developed. Sales are generally not seasonal. You should assume that other alternative holistic health centers will provide you with competition. We or our affiliates may establish AumBio Centers in your market area outside of your Territory (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area. Also, we may sell products through the internet, toll-free telephone numbers, catalogs, and other similar means of distribution to customers at any location, which may be located in your area.

### **Regulatory Matters**

AumBio franchises do not provide medical services or issue medical diagnoses. We are not aware of any laws or regulations that specifically apply to alternative holistic wellness centers. We recommend that you consult with your attorney concerning the potential applicability of local laws to your Aum Bio franchised business. Many of the laws, rules and regulations that apply to business generally have applicability to alternative holistic health facilities. All AumBio Centers must comply with federal, state, and local laws applicable to the operation and licensing of facilities that provide Aum Bio services and obtain any applicable licenses, and approvals by municipal, county, or state regulatory bodies. Franchisees must conduct their own due diligence on local and state laws and regulatory authorities within whose purview this activity may now, or in the future, fall. Franchisee understands it assumes all risk associated with impacts a regulatory or governing authority may have and how it may impact the daily operations, delivery of service, advertising, and promotion, etc. now or in the future.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

**Kamil Czubacki - President.** Kamil Czubacki has been our President in Rolling Meadows, Illinois, since August 2023, and President of Aumbio, Inc. since 2010.

## **ITEM 3**

### **LITIGATION**

Department of Financial and Professional Regulation of the State of Illinois, Jerzy Czubacki and Kamil Czubacki, d/b/a Aum Bio, Inc., Respondents, No. 2016-3225. An Agreed Order to Cease and Desist was entered on April 16, 2024 in which Respondents agreed (i) to maintain its website(s) free from any and all marketing materials, or other advertising or media, including the efficacy of health-related procedures and therapies that are not supported by medical literature; (ii) to continue to make clear on their Website that they are not medical professionals; and (iii) the imposition of sanctions for violations of the Agreed Order.

With the exception of the one (1) above matter, no litigation is required to be disclosed in this Item.

## **ITEM 4**

### **BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

## **ITEM 5**

### **INITIAL FEES**

You will pay us an initial franchise fee of \$50,000 (the “Initial Franchise Fee”). You must pay the entire Initial Franchise Fee when you sign the Franchise Agreement and deliver it to us. Although the Initial Franchise Fee is uniform for all franchises, we reserve the right to change the franchise fee in the future. We may also discount the Initial Franchise Fee for Franchisees that purchase multiple franchises or multiple territories or to early adopters. During the 12 months prior to the issuance date of this Disclosure Document, we have not discounted the Initial Franchise Fee.

#### Site Evaluation and Assistance Fee.

If we make an in-person visit to evaluate a proposed site for your business or to assist with the pre-opening development of your business, we will provide the first two visits free of charge. For the third visit and any visits thereafter, you will pay a fee of \$1,000, plus any out-of-pocket expenses (such as travel, lodging, and meals) we incur in connection with the visit.

### Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Instead of an Initial Franchise Fee, you will pay a fee (the “Development Fee”) based on the number of franchises you will develop, as follows: (i) first franchise - \$50,000; (ii) two franchises - \$90,000; and (iii) three franchises - \$125,000. You will pay the total Development Fee upon signing the MUDA and the first Franchise Agreement. The Development Fee is not refundable.

The Initial Franchise Fee is fully earned by us on signing the Franchise Agreement and is not refundable under any circumstances.

### Required Initial Equipment Purchase

Other than the above, there are no other purchases from or payments to us or to any other affiliate of ours that you must make before your Center opens.

## **ITEM 6**

### OTHER FEES

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DU<sup>E</sup> DATE</b>	<b>REMARKS</b>
Royalty Fee	6% of Gross Revenues <sup>1, 2</sup>	Monthly, by the 5 <sup>th</sup> day of each month	Royalty fee is due from the first day you are open for business.
Brand Fund	1% of Gross Revenue	When implemented, on the 5 <sup>th</sup> day of each month	We currently collect a 1% Brand Fund payment.
Transfer Fee <sup>5</sup>	50% of then-current initial franchise fee	At time of transfer of the franchise. Includes cost of Initial Training for transferee	Due upon transfer of more than a 50% interest in you. No fee charged to an individual or partnership Franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders.
Management Fee	\$500 per day	Within 10 days of the date we invoice you	If you die or become disabled and your successor is unable to operate the Franchised Business, we may operate it until a suitable successor is found. This fee is subject to an Inflation Adjustment .

TYPE OF FEE	AMOUNT	DU DATE	REMARKS
Audit <sup>6</sup>	Cost of Audit plus late fee of 18% interest per annum on understated amount	Upon completion of audit and determination of amount due	Audit costs payable if reports not provided or understatement exceeds 2%
Supplier Evaluation Fee	\$500	When we invoice you	We charge this fee if you request us to evaluate an alternate supplier
Additional Training & Assistance	\$500 per day per person plus per diem for trainer	When we invoice you	We charge a daily fee plus expenses for special assistance we provide you at your request or if we determine that you require additional training or assistance
Interest on Late Payments	18% per annum or the maximum rate allowed by law	When we invoice you	Interest begins from the date of non-payment and applies to all overdue amounts
Mandatory Convention Attendance	\$1,000 plus employee salary, per diem, and travel expenses	You must pay a fee of \$1,000 if you fail to attend	National and regional meetings are required, and you bear the cost of attendance
Fee for lost manuals	\$500	When we invoice you	Payable if you lose or misplace Manual
Indemnification	Our actual attorneys' fees and costs.	As incurred	You must reimburse us for damages, claims, lawsuits related to your franchise
Technology Fee <sup>7</sup>	\$100 per month	On the 5 <sup>th</sup> day of each month	Subject to increase upon notice
Local Marketing Requirement	Minimum of \$1,500 per month	As incurred	You must market and promote the Center in your market area according to our standards
Attorney's Fees	Our actual attorneys' fees	As incurred	You must pay attorneys' fees and costs if you fail to comply with your obligations under the Franchise Agreement

TYPE OF FEE	AMOUNT	DUUE DATE	REMARKS
Liquidated damages <sup>8</sup>	An amount equal to royalty fees and Brand Fund contributions for the lesser of (i) 2 years or (ii) the remaining months of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
On-Site Inspection Fee	Up to \$5,000	Upon our invoice	If the inspection is due to Franchisee's failure to provide required reports or the inspection reveals material deficiencies, we have the right to impose a fee of up to \$5,000.
Prohibited Product or Service Fine	\$500 per day of use of unauthorized products or services.	If incurred	In addition to other remedies available to us

Notes:

1. Unless we note otherwise, all fees are imposed by us and are payable to us and are uniformly imposed. We will collect the weekly fees by automatic bank drafts. To facilitate the automatic bank draft, you must execute the documentation that we or your bank require.
2. "Gross Revenues" means the amount of all your revenues and income related to your business whether for cash or credit and regardless of collection and including exchanges in kind or for barter. Gross Revenues do not include sales or like taxes, provided they are separately stated in the customer's charge, are collected from the customer, and are actually paid to appropriate taxing authority. Gross Revenues include, without limitation, amounts you receive or are entitled to receive from the offer for sale, sale of all products, or merchandise that you offer for sale, whether such sales were conducted in compliance with or in violation of the Franchise Agreement. Gross Revenues also includes insurance proceeds you receive for loss of profit or business or for damage to goods.
3. The Renewal Fee compensates us for our legal and administrative costs in the processing of the renewal of the franchise, including the inspection of the Center premises, if necessary.
4. The term "Inflation Adjustment" refers to our right to increase a fee based upon an increase in the Consumer Price Index: All Items/U.S. Cities Average – All Urban Consumers (1982-1984 = 100), published by the Bureau of Labor Statistics, U.S. Department of Labor, or a comparative index we select if the foregoing index is no longer published.
5. The Transfer Fee compensates us for the expenses we incur related to the transfer, such as attorney's fees, training, and other assistance we provide the transferee.

6. The Franchise Agreement gives us the right to conduct an audit of your books and records. If our audit discloses that you have under-reported your revenues to us in excess of 2%, or if you have failed to provide the required reports to us, you must pay us the cost of the audit including travel, lodging, meals, and other expenses incurred by our personnel conducting the audit.

7. The Technology Fee includes your license to use our proprietary client management system, the maintenance of your internet presence on our corporate website, and upgrades and updates.

8. If you terminate the Franchise Agreement before the end of the Initial Term, you must pay us, as liquidated damages to compensate us for the loss of the benefit we were to receive based upon our relationship, and not as a penalty, a lump sum payment equal to the average monthly Royalty contribution you were obligated to pay during the 12-month period immediately before the termination, multiplied by 24 months.

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

#### YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee <sup>1</sup>	\$50,000 - \$50,000	Check or wire transfer	Upon signing the franchise agreement	Us
Rent (three months) <sup>2</sup>	\$6,000 - \$9,000	Check	Upon signing lease	Landlord
Lease Security Deposit	\$2,000 - \$3,000	Check	Upon signing lease	Landlord
Utilities	\$1,000 - \$1,500	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements <sup>3</sup>	\$3,000 - \$10,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$5,000 - \$15,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment <sup>4</sup>	\$63,500 - \$120,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems	\$3,000 - \$5,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance (12 months) <sup>5</sup>	\$500 - \$1,500	Check	Upon ordering	Insurance company
Signage	\$500 - \$2,000	Check, debit, and/or credit	Upon ordering	Vendor

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Office Expenses	\$300 - \$500	Check, debit, and/or credit	As incurred	Vendors
Inventory	\$100 - \$300	Check, debit, and/or credit	Upon ordering	Vendors
Software Licenses <sup>6</sup>	\$120 - \$120			
Licenses and Permits <sup>7</sup>	\$200 - \$500	Check	Upon application	Government
Dues and Subscriptions	\$100 - \$200	Check, debit, and/or credit	As incurred	Vendors, trade organizations
Professional Fees (lawyer, accountant, etc.) <sup>8</sup>	\$1,000 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training <sup>9</sup>	\$3,000 - \$6,000	Cash, debit, or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) <sup>11</sup>	\$20,000 - \$40,000	Varies	Varies	Employees, suppliers, utilities
<b>Total</b>	<b>\$159,320 - \$267,620</b>			

## YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First franchise (see table above)	\$159,320 - \$267,620	Check or wire transfer	Upon signing the franchise agreement	Us
Additional initial franchise fees -3 Franchises	75,000 - 75,000	Check or wire transfer	Upon signing the MUDA	Us
<b>Total</b>	<b>\$234,320 - \$342,620</b>			

### Notes:

1. The Initial Franchise Fee is \$50,000 for a single territory.
2. Your Franchised Center will be at least 700 to 1,500 square feet and may be in a professional or office building. The rent for the premises will vary according to the location. We must approve any site you propose to locate your Center.
3. The amounts stated in the chart contemplate the cost of a build-out to our standards and specifications. The amount that you will spend will depend on any build-out allowances given by your Landlord and the condition of the premises.

4. The low end figure reflects the minimum equipment purchase requirement. You may add additional equipment at your discretion.
5. You must maintain certain insurance policies and coverages we specify. Insurance policies we specify will include comprehensive general liability insurance, fire and extended coverage insurance and automobile liable insurance. You must also maintain any insurance required by law such as worker's compensation insurance. Under the Franchise Agreement you must obtain and maintain the following insurance: (1) general liability in the amount of \$1,000,000 per occurrence, \$2,000,000 aggregate limit; (2) "all risks" coverage for the full cost of replacement of the Center premises and all other property in which we may have an interest with no coinsurance clause; (3) business interruption insurance in a sufficient amount to cover profit margins, maintenance of competent and desirable personnel and fixed expenses for a period of at least 90 days including payment of Royalties otherwise due to us; (4) workers' compensation insurance in amounts provided by applicable law (but no less than \$500,000 per occurrence) or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement; and (5) other insurance required by state or local law where the Center is located. Your cost for the required insurance will depend on the location of your territory, the charges imposed by the insurance carriers, your insurance history, and the amount of any deductible. Your insurance policies must provide that your insurers will give us thirty (30) days prior written notice of termination, expiration or cancellation of any of the insurance. You will name Franchisor as an additional insured party on all your insurance policies. Your insurance costs may not be uniform because insurance premiums differ depending on your location, your insurance company's assessment of the risk of insuring you, the amounts of insurance you need, your insurance history, applicable law in the jurisdiction where your Center is located and general economic conditions.
6. You are required to license certain software for use in the Franchised Business. You will pay license fees directly to the vendor.
7. Licensing laws and permit requirements, including fees, may vary depending on the county, state, or municipality. You must comply with these laws.
8. This amount includes expenses you will incur to obtain legal counsel to review the Franchise Agreement and this Disclosure Document and to form your business entity and obtain an accountant to set up your accounting systems.
9. Our cost of our Initial Training for up to 2 people is included in your Initial Franchise Fee. You must pay for the expense of attendance, including lodging, meals, transportation, and wages of your employees that attend.
10. This category covers the initial expenses you will likely incur while you establish your business. Your expenditures will depend on factors such as your business skills and experience, general and local economic conditions, competition, the prevailing wage rate, the number of services you provide during the initial period, how well your business is performing, and the number of hours you are willing to invest in your business. These expenses do not include any draw or salary for the owners of the business, but they do include employee salaries. This is only an estimate, and we cannot guarantee that the amounts specified will be adequate. You may need additional funds during the first 3 months of initial operations or afterwards. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach "break-even" or any other financial position, nor should you rely on any

such estimates. The 3-month period from beginning the business covers the time by which most Franchisees are fully in operation but does not necessarily mean that you will have reached “break-even”, “positive cash flow”, or any other financial position. In addition, the estimates presented relate only to costs associated with the Franchised Business, reflect minimal employee wages, and do not cover any personal, “living”, unrelated business or other expenses you may have, such as royalty payments, Brand Fund Contributions, debt service on any loans. Although we make no estimates regarding the financial performance of an AumBio Center, we recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income so that you will be self-sufficient and need not draw funds from your Center for at least 3 months after start-up.

The high/low amounts are based on one franchise and will vary based on the Territory you purchase. The chart contains estimates only and we cannot guarantee that you will not have additional expenses starting your business. Your actual expenses may exceed our estimates. Your costs will vary depending on such factors as: how much you follow the System and our procedures; your management, sales and marketing skill and general business ability; local and general economic conditions; levels of competition; prevailing wage rates and the sales levels reached by you during the initial period. We relied on the experience of our affiliates in operating a substantially similar business in arriving at the figures in this Item 7.

## ITEM 8

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

We and our Franchisees have an interest in protecting the quality and integrity of the AumBio System. To protect our common interest, we place certain restrictions on the products, equipment, services, and supplies you purchase; the merchandise and miscellaneous items you offer; and the sources from which you purchase them.

The System includes certain products, equipment, services, and supplies that we or our affiliates have developed, or may develop in the future, that have proprietary properties or that we keep secret. You must purchase certain equipment and supplies only from us, from suppliers we designate (which may be us or affiliates of ours) from suppliers you select, and we approve, or in accordance with our written specifications. You must purchase specific therapy and assessment devices that meet our brand specifications. Currently, you will be required to purchase a minimum of two THERA WELLNESS™ (therapy) Devices and one Oberon consultation device.

The THERA WELLNESS therapy device is not a medical device but instead is being marketed in the U.S.A. as a “General Wellness Product” as defined by the Food and Drug Administration (FDA). General Wellness Products (Devices) are meant to sustain or offer general improvement to functions associated with a general state of health and not to diagnose, prevent, mitigate or restore a structure or function that has been impaired due to a disease or (medical) condition. Franchisees may not represent to customers or to the general public that it is making a medical diagnosis or treating a medical condition. The violation of the foregoing policy is grounds for termination of the Franchise Agreement.

We will list our approved suppliers and our specifications in the Confidential Operations Manual or in other written directives. We may designate standards and specifications for the furniture, fixtures, and equipment you use in your Center. We anticipate that we will receive payments from designated suppliers from franchisee purchases based on the following: 10-15% on **THERA WELLNESS™** purchases and

60% on Oberon purchases. During the last fiscal year that ended on December 31, 2022, we derived \$0 from required purchases or leases by Franchisees. That amount represented 0% of our total revenue which was \$0.

We may enter into purchasing arrangements with certain suppliers for the benefit of all AumBio Center Franchisees, but we are not required to do so. If we enter into such arrangements, you may be required to purchase from those suppliers.

**Approval of Suppliers.** You may request that we approve certain suppliers that we have not previously approved and the goods and services they offer. If you want us to give this approval: (i) you must submit a written request to us for approval, together with such samples, specifications, photographs, delivery terms and other information as we deem reasonably necessary; (ii) the proposed supplier must demonstrate to our reasonable satisfaction that it is able to supply such goods and services to you in compliance with our specifications; and (iii) the proposed supplier must demonstrate to our reasonable satisfaction that it is in good standing in its relevant business community with respect to its financial soundness and integrity, and the reliability of the goods and services it offers. We reserve the right to test, at your expense, the goods and services of any supplier that you ask that we approve, regardless of whether we approve or reject the supplier or the goods or services it offers. We will give you written notice of our approval or disapproval within thirty (30) days after you supply us with all the information that we need to evaluate the supplier and its goods or services. If we revoke approval of any supplier or the goods or services it offers, we will give you written notice of the revocation. We have the right to charge a fee of up to \$500 to evaluate a supplier.

We will base our specifications for suppliers and their goods and services on our experience and best judgment as to how to enhance the profits of the System and its Franchisees. We evaluate the suppliers we approve for quality, reputation in the industry and standards by which they conduct business. We may modify the list of our designated and approved suppliers and our specifications at any time. We reserve the right to modify our specifications for what we deem to be in the best interest of the system. We will provide you with a copy of our current specifications and criteria for supplier approval upon your request.

We and our affiliates will derive income from your purchases to the extent that you purchase items from us or our affiliates, as applicable. In addition, we may receive income from vendors based on vendor sales to our Franchisees. During the last fiscal year ending on December 31, 2024, we did not derive any revenue from the sale of products to Franchisees. We will have the right to retain those rebates.

We estimate that your purchases from us or our designated sources will be approximately 50% to 70% of your total initial investment (not including initial franchise fee) and approximately 5% to 20% of your ongoing expenses (not including royalties) in the operation of the franchised business; however, the initial amount will vary. None of our officers own an interest in any supplier.

There currently are no purchasing or distribution cooperatives in existence with respect to the franchised system. We may periodically negotiate purchase arrangements for suppliers for the benefit of our Franchisees, and we anticipate establishing regional or national buying accounts with vendors who products meet our specifications. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

**Insurance.** You must maintain certain insurance policies and coverages we specify. Insurance policies we specify will include comprehensive general liability insurance, fire and extended coverage insurance and automobile liable insurance. You must also maintain any insurance required by law such as worker's compensation insurance. Under the Franchise Agreement you must obtain and maintain the following insurance: (1) general liability in the amount of \$1,000,000 per occurrence, \$2,000,000 aggregate

limit; (2) "all risks" coverage for the full cost of replacement of the Center premises and all other property in which we may have an interest with no coinsurance clause; (3) business interruption insurance in a sufficient amount to cover profit margins, maintenance of competent and desirable personnel and fixed expenses for a period of at least 90 days including payment of Royalties otherwise due to us; (4) workers' compensation insurance in amounts provided by applicable law (but no less than \$500,000 per occurrence) or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement; (5) cyber-liability insurance; (6) employment practices insurance; and (7) other insurance required by state or local law where the Center is located. Your cost for the required insurance will depend on the location of your territory, the charges imposed by the insurance carriers, your insurance history, and the amount of any deductible. Your insurance policies must provide that your insurers will give us thirty (30) days prior written notice of termination, expiration or cancellation of any of the insurance. You must name us as an additional insured party on any required insurance policy.

**Modifications to the System.** Changes in the market, business conditions and/or demands of customers may occur during the term of your Franchise Agreement. As the result of those changes, we may make changes to the System which may include modifications to the required equipment, required insurance policies and coverage, suppliers, specifications, and other aspects of the AumBio System. You must comply with all the changes that we make.

**Refurbishment and Remodeling.** You shall, upon our request, remodel and/or redecorate the Center premises, equipment (including point of sale or computer hardware and software systems), signage, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Center to our then-current system wide standards and specifications. The cost of any refurbishment, excluding equipment, computer hardware or software shall not exceed \$5,000 every five (5) years during the term of the Franchise Agreement, except if the Center is transferred, in which case we may require that the transferee remodel and/or redecorate the Center.

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Section in Multi-Unit Development Agreement</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition/lease	3.1; 5.1; 5.2; 5.5	7.1; 7.2	Item 11
b. Pre-opening purchases/leases	5.3; 7.2; 7.15	7.2	Items 5 and 8
c. Site development and other pre-opening requirements	5.5; 5.6	Article 6	Item 11
d. Initial and ongoing training	6.1(i); 6.2	None	Items 6,7, and 11
e. Opening	5.5; 7.2	Article 6	Item 5
f. Fees	4	Article 5	Items 5,6 and 11

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Section in Multi-Unit Development Agreement</u>	<u>Disclosure Document Item</u>
g. Compliance with standards and policies/ Operating Manual	7.6; Article 8	None	Items 8, 11, and 16
h. Trademarks and proprietary information	Article 9; 18.4	Article 8	Items 13 and 14
i. Restrictions on products/ services offered	7.6 (i); 7.6 (iii); 7.6 (iv)	None	Items 8 and 16
j. Warranty and customer service requirements	7.8	None	Item 11
k. Territorial development and sales quotas	None	Article 6	Item 12
l. Ongoing product/service purchases	None	None	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	5.6	None	Item 12
n. Insurance	Article 13	None	Items 6 and 7
o. Advertising	Article 10	None	Items 6, 7 and 11
p. Indemnification	22.1	None	Item 6
q. Owner's participation/ management/ staffing	7.5; 7.7	None	Item 15
r. Records and reports	12.1	None	Item 6
s. Inspection and audits	12.2	None	Item 6
t. Transfer	Article 15	Article 9	Items 6 and 17
u. Renewal	Article 2	None	Item 17
v. Post-termination obligations	Article 17	None	Item 17
w. Non-competition covenants	18.5	None	Item 15
x. Dispute resolution	Article 19	Article 18	Item 17
y. Other: Personal Guaranty	17.6; 20.2	Article 12	Item 15

## ITEM 10.

### FINANCING.

We do not offer direct or indirect financing. We do not guarantee any notes, lease, or obligation.

## ITEM 11.

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

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

#### **Pre-Opening Obligations**

**Franchise Agreement:** Before you open your Center, we will:

1. Review your proposed location for the Center and grant approval if the proposed location meets our approval. We must approve your site. Factors considered in selection and approval of a site include traffic count, visibility, demographics, competition in the area and occupancy cost. (Franchise Agreement - Section 6.1(ii)).

3. Provide you with written specifications for the operation and management of the franchised business (Franchise Agreement – Section 6.1(v)).

4. Provide to you (if you are an individual) or at least one principal (if you are a corporation or other legal entity), your Center Manager our initial training program. We will not charge tuition for you, if you are an individual, or up to two (2) individuals (if you are a corporation or a legal entity) attending the initial training program. You are responsible for all training related expenses, including meals, lodging, travel, and wages. (Franchise Agreement - Section 6.1 (vi)).

5. Provide you a list of our approved suppliers, which is subject to change during the term of the Franchise Agreement (Franchise Agreement – Section 6.1 (ix)).

6. Loan to you a copy of our Confidential Operations Manual or provide you access to the electronic version of the Manual (Franchise Agreement – Section 6.1 (i)).

**Multi-Unit Development Agreement:** Under the Multi-Unit Development Agreement we will provide you with the following assistance:

1. We will grant you an exclusive Development Area within which you will assume the responsibility to establish and operate an agreed-upon number of AumBio Center Centers under separate Franchise Agreements (Multi-Unit Development Agreement – Section 2.1).

2. We will review site survey information on sites you select for conformity with our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Center (Multi-Unit Development Agreement – Section 7.1).

3. We will review your lease for conformity to our requirements (Multi-Unit Development Agreement – Section 7.2).

#### **Post-Opening Obligations**

During the operation of the Franchised Business, we will:

1. Provide such general advisory assistance and field support as we deem helpful to you, in our discretion, in the ongoing operation, advertising and promotion of the franchise business (Franchise Agreement - Section 6.2 (i)).

2. Provide additional mandatory and optional training on an as-needed for replacement Managers and on new services that we introduce into the System (Franchise Agreement – Section 6.2 (xi)).

3. Provide you with 5 days of on-site assistance during the first week of the operation of your Center at our expense. (Franchise Agreement – Section 6.2 (xii)).

4. Continue our efforts to establish and maintain standards of quality, cleanliness, safety, customer satisfaction and service (Franchise Agreement - Section 6.2 (ix)).

5. Provide you with updates, revisions, and amendments to the Manual (Franchise Agreement – Section 6.2 (iv)). The Table of Contents of the Operations Manual is attached to this disclosure document as Exhibit F. The Operations Manual has a total of 121 pages.

6. Provide you with access to advertising and promotional materials that we may develop for the promotion of all Centers in the System. You will be required to purchase the advertising materials and all costs of shipping them to you. (Franchise Agreement - Section 6.2 (viii)).

7. On a periodic basis, conduct (as we deem advisable) inspections of the franchise business and its operation and evaluation of its method and staff. (Franchise Agreement – Section 6.2 (vii)).

### **Training**

The following is an outline of our Initial Training Program. The Initial Training Program will have 2 components; the first phase consisting of technical training as outlined below, and the second phase consisting of general operational training. Additional training programs and/or refresher courses may be required.

The schedule for the Initial Training is as follows:

Our training program consists of the following:

### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Consultations	2	3	Rolling Meadows Center
Legal and Scheduling	1	2	Chicago Center
Operating System	2	5	Rolling Meadows
Device Training	5	35	Oak Lawn Center
<b>TOTALS:</b>	10	45	

In addition to the above initial training program provided by Franchisor which must be completed by Franchisee and up to 1 additional person, Franchisee must complete the virtual training program offered

by THERA-WELLNESS on the use of the therapy device. There is no cost for the initial THERA WELLNESS training. Advanced THERA WELLNESS training is optional and available at its then-current cost.

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes three to six times per year. Training will be held at our offices and business location in Rolling Meadows, Illinois. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Brand Standards Manual and other materials, lectures, discussions, and on-the-job demonstration and practice. Equipment training will be provided by the device manufacturers in a virtual format.

Training classes will be led or supervised by Kamil Czubacki and other therapists. His experience is described in Item 2. He has 16 years of experience in our industry, and 35 years of experience with us or our affiliates.

There is no fee for up to 2 people to attend training. You must pay the travel and living expenses of people attending training.

You must attend training. If the franchise is owned by an entity, then the principal owner must attend training. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

The Initial Training must be completed prior to the opening of the Center. We anticipate that the Initial Training Program will be conducted monthly, or on an “as-needed” basis, based on the number of new Franchisees requiring training.

We may offer additional training programs and/or refresher courses to you, or your Manager or employees as we deem appropriate. As of the date of this Disclosure Document, we are not able to state or estimate the location, duration, or frequency of any additional training programs. The programs will vary, depending on your needs, the needs of other Franchisees and the System at the time the program is offered. We currently do not anticipate offering more than 4 additional training programs during a calendar year and we currently anticipate that each training program will last approximately 1–2 days. We may require you and your employees’ attendance at these programs. You must pay for you and your employees’ travel, meal, lodging and payroll expenses while attending our additional training programs. We have the right to charge a fee for the additional training programs, up to our current fee of \$500 per day per person.

We may hold an Annual Convention or meeting, at a location to be selected by us. We will determine the topics and agenda for the conference to serve the purpose among other things, of updating Franchisees on new developments affecting Franchisees, exchanging information between Franchisees and our personnel regarding business operations, and recognizing Franchisees for their achievements. You are required to attend or send a Manager to attend the Annual Convention or meeting and to pay our then-current registration fee. If we charge fees for the Annual Convention or meeting, you must pay the fees regardless of your attendance. All expenses, including you and your employees’ transportation to and from the Annual Convention or meeting, and lodging, meals, and salaries during the Annual Convention or meeting, are your responsibility.

## **Advertising Program**

All your advertising and marketing for your Franchised Business in any medium, including social media and mobile marketing, must be conducted in a dignified manner and must conform to the System and to our standards. All advertising that you propose to use must be approved by us before you use those materials. We may disapprove any advertising or marketing materials you use or propose to use without liability to you for any costs incurred by you to produce those materials. (Franchise Agreement – Section 10.5) Our review of the advertising is for compliance with brand standards and proper use of the Marks. It is always your obligation to make sure that the materials you use complies with applicable law including staying within the limitations of the FDA's compliance policy for General Wellness Products which policy includes the avoidance of making any medical or disease claims, as they pertain to the various therapy devices including the THERA WELLNESS therapy device.

## **Market Introduction Marketing**

You must conduct grand opening marketing and promotions in your Territory. Your grand opening expenditures must be a minimum of \$5,000. The grand opening expenditure is considered part of your required monthly local marketing expenditure. (Franchise Agreement Section 10.1)

### **Local Advertising**

Other than the Grand Opening Advertising expenditures outlined above, you are required, to spend a minimum of \$1,500 of per month for local advertising or marketing in your Territory. (Franchise Agreement Section 10.2)

### **Advertising Cooperatives**

There currently is no Advertising Cooperative in place for the franchise system, nor do we have the authority to form an Advertising Cooperative or to require you to contribute to or participate in an Advertising Cooperative.

### **Internet Activities**

We will establish and maintain a website that provides information about the System, and we will have sole discretion and control over it. We also have the sole right to create interior pages on our website(s) that contain information about your business and other franchised and Company owned locations.

You may not establish or maintain a separate website, splash page or other presence on the Internet through any internet or social networking site in connection with the operation of your Business, including, Facebook, LinkedIn, Pinterest, Instagram, Google+, Twitter or YouTube, that uses any variation of the Marks or references the System only in accordance with our System standards and with our prior approval. We will have sole control over the establishment and maintenance of any social networking sites for your Franchised Business. You are not permitted to use any Mark in any domain name that is not provided or pre-approved by us. (Franchise Agreement – Section 10.4)

## **Brand Fund**

You must contribute 1% of your Gross Revenues to the Brand Fund (“Fund”) (Franchise Agreement – Section 10.3) All franchisees will contribute at the same rate. Franchisor or affiliate-owned businesses are not required to contribute to the Brand Fund.

We will administer and direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Fund will pay for preparing and producing local, regional, or national advertisements, video, audio and written materials and electronic media; administering regional and multi-regional marketing and advertising programs, (including, without limitation, using in-house or outside advertising, promotion and marketing agencies and other advisors to provide assistance); and supporting public relations, market research and other advertising, promotion, and marketing activities. The Fund periodically will give you samples of advertising, marketing and promotional formats and materials and we may require you to use a specific vendor to have these produced at a cost to you, plus related shipping, and handling charges.

We will account for the Fund separately from our other funds (but we are not required to maintain a separate account for the Fund) and will not use the Brand Fund for any of our general operating expenses, except to compensate the reasonable salaries, administrative costs of the Fund), travel expenses and overhead we incur in administering the National Marketing Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials, and collecting and accounting for Fund contributions. The Fund is not our asset, is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing, or administering the Fund or any other reason. We will not use Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises, except that in certain ads with available space, we may insert certain language as to the availability of franchise opportunities. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year; borrow from us or others to cover deficits or invest any surplus for future use. We will use all interest earned on Brand Fund contributions to pay costs before using the Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and give you the statement upon written request. We may incorporate the Fund or operate it through a separate entity whenever we deem it appropriate. During our last fiscal year completed on December 31, 2024, we did not collect any funds from Franchisees for the Brand Fund.

We intend the Brand Fund to maximize recognition of the Marks and patronage of AumBio Center businesses. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Businesses in the System, we need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Fund contributions by AumBio Center businesses operating in that geographic area or that any AumBio Center business benefit directly or in proportion to its Brand Fund contribution from the development or placement of advertising and marketing materials. We may forgive, waive, settle, and compromise all claims by or against the Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce the Fund contributions of an AumBio Center business and, upon thirty (30) days' prior written notice, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to all AumBio Center businesses (whether franchised or operated by us or our affiliates) in proportion to their respective Brand Fund contributions during the preceding twelve (12) month period.

We are not obligated to expend the Brand Fund Fee or placement of advertising in your territory, or to ensure that your franchise business benefits directly or pro-rata from advertising fee expenditures. We will not use the Brand Fund Fee for creating or placing any advertisements that principally solicit for new Franchisees. However, we may use the Marketing Fund to prepare general advertising that refers to or mentions advertising opportunities within the advertising creative. For instance, a portion of the

Advertising Fee may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries submitted by franchise candidates.

We do not currently have an advertising council composed of Franchisees that advises us on advertising policies.

#### Our Control Over Your Advertising

To promote a standard and professional marketing approach to the public, you may only use advertising and marketing materials that we have provided to you or that we have approved in advance. All advertising materials that we provide to you to promote your Franchised Business and the System generally are our property and we claim copyright protection over them. We have the right to approve any advertising and marketing materials that you propose to use that we have not provided or supplied to you. We will have 10 days to approve or disapprove the use of our materials in the media you propose. If we have not approved the use of the materials within 10 days, they are deemed not approved. (Franchise Agreement – Section 10.5)

#### Computer and Cash Register Requirements

You must acquire and use all computer systems that we prescribe for use by our Franchisees and may not use any computer system, components, or software applications that do not conform to the Standards or that we have not approved in writing. Requirements may include, among other things, hook up to remote service, off-site electronic depositories, and Internet connections. We may require you to update or upgrade computer hardware components and/or software applications as we deem necessary, but not more than three (3) times per calendar year. You must enter into all software license agreements and software maintenance agreements, in the form and manner we prescribe, and pay all fees charged by third-party software and software service providers. At our request, you must sign or consent to a “terms of use” agreement with respect to all software applications that we designate. There are no limitations on our right to independently access from a remote location, at any time, all information in put to and compiled by your computer system or an off-site server, including information concerning sales, purchase orders, inventory, and expenditures.

We do not currently require you to use proprietary software that we or our affiliates have developed. We require you to purchase or lease the software we designate from the approved software provider. You may purchase the computer hardware from any vendor you choose. We estimate the price for the computer hardware and software to be between \$3,000 and \$5,000.

You are required to have sufficient speed and high availability internet connection.

You may purchase all software and hardware from the vendor of your choice, but we reserve the right to require you to deal only with vendors approved by us, which may be limited to us and/or our affiliates.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the systems or programs other than those described in Item 8 above. We estimate that the cost of any optional or required maintenance, updating, upgrading or support contracts for the computer system will not exceed \$1,000 per year. We or any of our affiliates are not required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system.

You must establish and maintain, at your own expense, a sales accounting, record keeping and records retention system conforming to the requirements set by us. We require that each transaction relating to your Center be processed on a computer system specified by, and fully accessible to us.

### **Site Selection and Opening**

You must locate a site for the Center within 60 days from the date of the Franchise Agreement. We will review your proposed site and either approve or disapprove it within 15 days of the time you submit to us all information concerning the proposed site that we require. (Franchise Agreement – Section 5.1) You must submit to us a form of the lease to be executed to obtain our written approval of the proposed site. The criteria that we use to evaluate the selected site include available parking, visibility, demographics, and local competition. A typical length of time between the signing of a Franchise Agreement and the opening of the franchise business is 30 to 120 days. Factors affecting this range include site availability, lease or purchase negotiations and construction time. We can terminate the Franchise Agreement if you fail to open the Center for business within 4 months from the date you sign the Franchise Agreement. (Franchise Agreement – Section 5.5).

We will not directly assist you in selecting your site. We must approve your proposed site. Our approval of your selected site is not a representation or warranty that you will be successful in the location that we have approved. You must provide us with such information as we may request concerning your proposed site. (Franchise Agreement – Section 5.2).

Franchisor will approve proposed sites for future/additional units under a Multi-Unit Development Agreement using its then-current site criteria.

Your lease must provide, in a form satisfactory to us, that the lessor will: (i) provide to us written notice of any of your defaults relating to the lease; (ii) grant us a thirty (30) day right to cure your default after we receive notice; (iii) permit us to exercise an option to assume your obligations under the lease or to place another Franchisee or other party as we may designate in the premises and assume your obligations as lessee under the lease (Franchise Agreement – Section 5.3).

You may not open your Center for business until you have fully complied with your obligations under the Confidential Operations Manual and we have certified that you are ready to open (Franchise Agreement – Section 5.5).

### **Upgrades and Renovations to the Franchised Business**

You must maintain your Center in a clean, up to date manner to promote the goodwill associated with the Marks and other AumBio Centers. We have the right to require you to upgrade the appearance and equipment in your Center on a periodic basis as outlined in the Confidential Operations Manual. In addition to renovations, you are required to always maintain and operate your Center in compliance with our standards as set forth in the Franchise Agreement and the Manual.

You will not be required to renovate your Center more than once every 5 years and the cost shall not exceed \$5,000 every 5 years. You must, however, renovate as may be required as a condition of our approval to renew or transfer the Franchise. (Franchise Agreement – Section 5.6 (ii)).

All renovations to your Center will be at your expense. You must submit to us in advance of beginning any renovations to your Center, detailed plans, and specifications for our approval. You must

use a licensed and insured contractor to make the renovations and you must obtain and furnish to us, all lien waivers related to the construction.

## **ITEM 12.**

### **TERRITORY**

You will operate one AumBio Center at a location that we have approved. The size of your Territory will depend on several factors including local demographics, population density and competition in the market area. Territories may differ based on the characteristics of the local market area, but we will not establish more than 1 AumBio Center per 100,000 population in a market area. We will agree on a Territory after your approved location is determined, and it will be shown on Schedule "A" to your Franchise Agreement. You will receive an exclusive Territory.

You may serve customers who reside inside or outside your Territory even if such customers reside in a Territory of a company-owned Center or the Territory of another Franchisee of ours, all without payment of any compensation to the other Franchisee or to us.

You do not have the right to use other channels of distribution to make sales outside your territory. You may not, however, conduct direct marketing activities outside of your Protected Territory.

We and other Franchisees may serve clients who reside in your Territory, all without payment of any compensation to you, but we may not establish competing Centers within your Territory. You may not solicit business, nor provide AumBio Center services outside your territory, except that you may list your Center in a telephone directory outside your Territory, provided such telephone directory is also a general telephone directory for any area within your Territory.

Franchisor and its affiliates may not use other channels of distribution, such as the internet, catalogue sales, telemarketing, or other direct marketing sales, to make sales within the franchisee's territory using the franchisor's principal trademarks or using trademarks other than the ones franchisee will use under the franchise agreement.

You may not relocate the Center within your territory without our prior written consent, which we may withhold in our sole discretion. If you wish to relocate your Center you must make your request in writing, specifying the reasons for the request to relocate and provide a suggested new site. You must have a written site acceptance from us before you commit to a different location and/or relocate. Any relocation that we approve will be at your own expense.

You must use your best efforts to develop, promote and increase sales and consumer recognition of the products and services in the Territory. You must concentrate your marketing efforts in the Territory and may neither advertise nor conduct marketing activities outside the Territory without our consent.

Franchisor may not solicit or accept orders from customers inside Franchisee's territory.

**Multi-Unit Development Agreement:** Under the Multi-Unit Development Agreement we grant you the right to develop and operate the number of Centers in the exclusive Development Area that is specified in the Development Schedule, which is an exhibit to the Multi-Unit Development Agreement. The Development Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. Our designation of a Development Area is not an assurance or warranty that there are enough suitable sites for Centers in the Development Area to meet your

Development Schedule. The responsibility to locate and develop enough suitable sites is solely yours and we have no obligation to approve sites that do not meet our criteria, so you can meet your Development Schedule. Our approval of sites to be developed under the Multi-Unit Development Agreement will be determined by our then-current site criteria.

Except as described below, during the term of the Multi-Unit Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of AumBio Centers to be in the Development Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all the terms and conditions of the Multi-Unit Development Agreement and all the Franchise Agreements signed under it. Your exclusive rights in the Development Area will terminate once you have met your Development Schedule. At that time, you will maintain certain exclusive rights to a Territory determined in relation to the open Centers.

Except as expressly limited by the Multi-Unit Development Agreement, we and our affiliates retain all rights with respect to AumBio Centers, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant others the right to produce, offer, and sell the services or products offered at the Centers and any other goods through similar or dissimilar channels of distribution, both within and outside the Development Area, under trade and service marks other than the Marks and under any other terms and conditions we deem appropriate; (b) to operate and grant others the right to operate Centers located outside the Development Area under any terms and conditions we deem appropriate and regardless of the proximity to your Centers; (c) to operate and to grant to others the right to operate Centers at Non-Traditional Sites within and outside the Development Area under any terms and conditions we deem appropriate; and (d) the right to acquire or be acquired by competing businesses offering Center services located or operating in your Development Area.

We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

After you have completed the Development Schedule, if we believe that it is desirable to establish additional Centers within the Development Area, and if you comply with your Multi-Unit Development Agreement, we will offer you the right to develop these additional Centers. You must exercise this option, in full, within 60 days after our notice to you. If you do not exercise or you decline this right of first refusal, we shall have the right to sell these development rights to another Franchisee or to develop the Centers ourselves.

To maintain your rights under the Multi-Unit Development Agreement you must have open and operating the number of Centers stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or the termination of the Multi-Unit Development Agreement.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises in the Territory or contiguous territories, unless you have signed a Multi-Unit Development Agreement and paid us the appropriate fee. Continuation of your territorial protection does not depend on your achievement of a certain sales volume, marketing penetration or other contingency.

## ITEM 13.

### TRADEMARKS

We grant you a license to operate your franchise business under the mark “AumBio” or “AumBio Center” and to use other marks and logos that we designate under the System (the “Marks”). We will grant to you a license to use the Marks we designate, and you will use them in compliance with the requirements of the System.

MARK	REGISTRATION NO.	REGISTRATION DATE
AUMBIO	98032111	July 2, 2024

We derive our right to license the above Marks to AUMBIO franchisees by virtue of a Trademark/Servicemark License Agreement dated September 5, 2023, between Aum Bio, Inc. as licensor and us as licensee (the “License Agreement”). The License Agreement is for a term of twenty-five (25) years and may be renewed by us for two (2) consecutive twenty-five (25) year renewal terms. The License Agreement may be terminated by the Licensor in the event of material breach that is uncured after notice and a ninety (90)-day cure period, or in the event of an unapproved use of the Marks by Licensee, upon notice and thirty (30)-day cure period, upon Licensee’s cessation of active operation of franchising, or upon the Licensee becoming insolvent, filing bankruptcy, or making an assignment for the benefit of creditors. In the event of the termination of the License agreement, franchisees operating under the Marks will have a period of ninety (90) days to re-brand the franchised business.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, that materially limits your rights to use the Marks. There is currently no pending interference, opposition or cancellation proceeding, nor any pending material litigation, involving the Marks that is relevant to their use anywhere in the United States.

With the sole exception of the above-referenced License Agreement, there are currently no pending agreements in effect that affect or limit our use or our ability to license others to use the marks in any manner or material to your franchised business.

You must use the Marks in full compliance with the provisions of the Franchise Agreement and according to the rules we periodically prescribe. You may not use any Mark as a part of your corporate name or with any prefix, suffix or other modifying words, terms, designs, or symbols (other than logos licensed by us to you). You may not use any name or mark associated with the sale of any unauthorized product or services in any other manner not explicitly authorized in writing by us. You may not establish or maintain a website or other presence on the Internet that reflects any of the Marks or our copyrighted works, or that include the Mark, or the term “AumBio” as part of any URL or domain name, or that otherwise states or suggests your affiliation with us or our franchise system.

If there is any infringement of, or challenge to, your use of any name, mark, or symbol, you must immediately notify us, and you may take any such action that we deem appropriate, in our sole discretion. The Franchise Agreement does not require us to take affirmative action if notified of the claim. We or our affiliates have the right to control all administrative proceedings or litigation involving your use of the Marks. The Franchise Agreement also does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to any administrative or judicial proceeding based on your use of the Marks, or if the proceeding is resolved unfavorably to you. If it becomes advisable at any time,

in our sole discretion, to modify the use or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, you must pay for the tangible cost (such as replacing signs and materials) associated with such change.

Under the Franchise Agreement you agree not to contest, directly or indirectly, our ownership, title, right or interest in the name or Marks, trade secrets, methods, procedures, and advertising techniques which are part of the System, or contest our sole right to register, use or license others to use such names, marks, trade secrets, methods, procedures, or techniques.

We have the right at any time, on notice to you, to make additions to, deletions from, and changes in the Marks at our absolute discretion. You must adopt and use any and all such additions, deletions, and changes as we may direct at your sole cost and expense.

In connection with your use of the Marks, you must: (i) identify yourself as an independent Franchisee of ours in all public records that allow such identification; (ii) place on your business forms and checks the legend "An Independent Franchisee of AumBio Franchising, LLC" or similar language we specify; and (iii) post in a public location at your Center a sign stating that:

This AumBio Center is independently owned and operated by [your full name] under a franchise agreement with AumBio Franchising, LLC [our then current address], [our then current telephone number].

To the best of our knowledge, there are presently no rights superior to ours in the Marks and there are no infringing uses that could materially affect your use of the Marks in any state.

#### **ITEM 14.**

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

Franchisor does not own rights in or licenses patents or copyrights that are material to the franchise, nor are there any pending patent applications that are material to the franchise. We claim copyright protection in many elements of the System including the Confidential Operating Manual and the design elements of the Marks and the content and design of our website (the "Copyrighted Works").

The franchise agreement does not require us to protect any patent or copyright or to defend franchisee against claims arising from franchisee's use of patented or copyrighted items. There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. We have no obligation to reimburse you for any expenditures you make because of any discontinuance or modification. Franchisor does not know of any patent or copyright infringement that could materially affect the franchisee.

You and your principals and employees also must maintain the confidentiality of all trade secrets, the Standards, and other elements of the System; all customer information; all information contained in the manuals; our proprietary recipes and techniques for product preparation; and any other information that we designate as "Confidential Information." Any of your principals who do not sign the Guaranty Agreement attached to the Franchise Agreement as Schedule "C" and all employees with access to Confidential

Information must sign a Confidentiality and Non-Compete Agreement substantially in the form that we designate.

You must promptly notify us of any apparent infringement of, or challenge to, your use of any of the Copyrighted Works or Confidential Information. The Franchise Agreement does not require us to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Copyrighted Works or Confidential Information, or if the proceeding was resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. If we or an affiliate undertake the defense or prosecution of any litigation pertaining to any of the Copyrighted Works or Confidential Information, you must sign all documents and perform such acts as may in the opinion of our counsel, be necessary to carry out the defense or prosecution.

We will have the right at any time, on notice, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection. You must adopt and use all additions, deletions, and changes as we direct at your expense.

#### **ITEM 15.**

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

When you sign your agreement, you must always designate and retain, an individual to serve as the “Center Manager”. The Center Manager is not required to own an equity interest. The designated Center Manager must be approved by us, must have successfully completed the Initial Training Program, and must devote full-time best efforts to the management of the Center.

You will inform us in writing as to the identity of all Center Managers including all successor managers you seek to employ. All your employees and independent contractors that have access to the Confidential Operations Manual and our proprietary information must sign the Confidentiality Agreement attached as Schedule “E” to the Franchise Agreement. All employees who administer therapy must be must obtain all certifications and training that we may require.

If you are a corporation or other legal entity, all shareholders, or holders of equity in the entity must personally guarantee your obligations under the Franchise Agreement on the Guaranty Agreement attached as Schedule “D” to the Franchise Agreement.

#### **ITEM 16.**

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

You must offer all services and products to clients of your Center we require; in the manner and style we require. You must sell and offer for sale only the services or products that we have expressly approved in writing. You may not deviate from our standards and specifications without first obtaining our written consent. You must discontinue offering for sale any services or products that we may disapprove in writing at any time. We may add, eliminate, or modify authorized goods and services, in our sole discretion. There are no contractual limitations on our right to make these changes.

You must maintain in all equipment in accordance with manufacturer's specifications and to the extent that we may authorize the sale of products, a sufficient supply for sale to your clients. Your technicians must strictly comply with all protocols for the administration of all care as determined by us. You must not deviate from our standards and specifications without first obtaining our written consent.

We reserve the right to determine the maximum and minimum prices for the services and products offered from your Center. You must comply with the prices to be required by us, but we make no guarantees or warranties that offering the services or products at the required price will enhance your sales or profits.

We do not impose any restrictions or conditions that limit your access to clients.

#### **ITEM 17.**

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

#### **THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreement in Exhibit C in this disclosure document.**

<b>PROVISION</b>	<b>SECTION OF FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
(a) Term of the franchise	2.1	10 years from the date of the Franchise Agreement unless terminated earlier.
(b) Renewal or extension of the term	2.2	If we are still franchising and you are in good standing, you may renew your franchise for two (2) additional five (5) year terms. Upon the grant of a renewal franchise, you will sign our then current franchise agreement, which may be materially different.
(c) Requirements for you to renew or extend	2.2 (i) – (viii)	Give us timely notice, sign new agreement, release, and other documents we use to grant franchises, and pay fee.
(d) Termination by you	16.1	You may terminate the Franchise Agreement after giving us 60 days' notice of our default if we have not cured the default.
(e) Termination by us without cause	Not applicable	We may not terminate you without cause.
(f) Termination by us with cause	16.2; 16.3	Each of your obligations under the Franchise Agreement are material, the breach of which may result in termination.

PROVISION	SECTION OF FRANCHISE AGREEMENT	SUMMARY
(g) "Cause" defined – defaults	16.2; 16.3	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within 5 days after notice (or longer period required), fail to obtain signed confidentiality and non-competition covenants within 5 days of our request, fail to procure required insurance, if you are in default of your lease or sublease; lose possession of your Center; if you fail to open your Center within 120 days of the execution of the Franchise Agreement; if you breach or fail to perform any covenant, warranty, agreement or obligation of the Franchise Agreement that is not a non-curable default; non-submission of reports, failure to obtain the Franchisor's approval of any matter required by the Franchise Agreement; and the failure to operate the Center in accordance with the Operations Manual.
(h) "Cause" defined – defaults which cannot be cured	16.2	Non-curable defaults include misrepresentation of material facts to us concerning your application; knowingly maintaining false books and records; failure to submit reports; failure to pay fees; 2 or more failing scores on health, quality, or safety inspections by us or governmental authorities within 12 months; if you sell unauthorized products or services; if you abandon the Center; conviction of a felony; abandonment; trademark misuse; violation of covenants; unapproved transfers, failure to complete initial training to our satisfaction, and repeated defaults (even if cured); committing fraud concerning the business; bankruptcy or insolvency; if you sell the sound-wave equipment at wholesale or retail. In addition, a default under one agreement with us may result in a termination of all your other agreements with us.
(i) Your obligations on termination/non-renewal	Article 17; Article 18	Obligations include paying outstanding amounts; complete de-identification, returning confidential information, canceling any assumed name registrations, cease to use any of our advertising materials, comply with all post-termination covenants. (see also (r) below).
(j) Assignment of contract by us	15.1	No restriction on our right to assign. We may assign without your approval. No assignment will be granted except to an assignee who, in our good-faith judgment is able to assume our obligations.
(k) "Transfer" by you-definition	15.2	Includes sale, assignment, conveyance, pledge, mortgage, or other encumbrance of any interest in the Franchise Agreement or the Center's assets.
(l) Our approval of transfer	15.4	No transfer without our prior written consent which we may not unreasonably withhold.

PROVISION	SECTION OF FRANCHISE AGREEMENT	SUMMARY
(m) Conditions for our approval of transfer	15.4	New Franchisee qualifies, you pay us and third-party vendors all amounts due and submit all reports, new franchise owner (and its owners and affiliates) are not in a competitive business, training completed, transferee signs our then current franchise agreement and other documents, transfer fee paid, transferee pays us training fee, you sign release, owners of transferee sign guaranty, you agree to a non-compete restriction.
(n) Our right of first refusal to acquire your business	None	Not Applicable
(o) Our option to purchase your business	None	Not Applicable
(p) Your death or disability	15.3	Upon your death or disability, your representative must transfer your interest to an approved party within six (6) months. Such a transfer is subject to the same terms and conditions as any other transfer.
(q) Non-competition covenants during the term of the franchise	18.5 (i)	No involvement in a competing business anywhere in the U.S. The term " <b>Competitive Business</b> " means any business or Center that operates an alternative holistic health center and provides services similar to those offered at a AumBio Center, or any business which grants franchises or licenses to others to operate such a business, other than a Franchised Business operated under a Franchise Agreement with us. You must not divert any business from your Center or from us.
(r) Non-competition covenants after the franchise is terminated or expires	18.5 (ii)	No direct or indirect ownership interest in, or performing services for, Competitive Business for 2 years within the Territory or within any Territory where a AumBio Center is located when you sign the Franchise Agreement, or within 50 miles of your location at the time of termination or expiration (same restrictions apply after transfer).
(s) Modification of the Agreement	23.3	All modifications must be in writing and signed by all parties, but we may change Operations Manual and System Standards.
(t) Integration/merger clause	Article 27	Only terms of the franchise agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations franchisor made in the franchise disclosure document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Article 19	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated and arbitrated in the city where our headquarters is located and will be subject to the Commercial Arbitration Rules of the Judicial Arbitration and Mediation Service ("JAMS").

PROVISION	SECTION OF FRANCHISE AGREEMENT	SUMMARY
(v) Choice of forum	19.7	Arbitration must be in our home county and state (subject to state law).
(w) Choice of law	Article 25	Except for federal law, Illinois Law governs. (subject to state law)

### THE MULTI-UNIT DEVELOPMENT AGREEMENT

PROVISION	SECTION OF THE MULTI-UNIT DEVELOPMENT AGREEMENT	SUMMARY
(a) Term of the franchise	3	Length of Development Schedule
(b) Renewal or extension of the term	None	Not Applicable
(c) Requirements for you to renew or extend	None	Not Applicable
(d) Termination by you	None	You may seek to terminate on any grounds permitted by law.
(e) Termination by us without cause	None	We may not terminate you without cause.
(f) Termination by us with cause	10.1	We may terminate if you default or commit any one of several violations.
(g) "Cause" defined – defaults which can be cured	10.2	If you use the Marks or System without our consent; participating in a Competitive Business; failure to pay money to us when due; you begin developing a Center before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Center before a Franchise Agreement for that Center has been signed.
(h) "Cause" defined – defaults which cannot be cured	10.2	Failure to meet your Development Schedule; failure to comply with applicable laws; if all your Centers stop operating; misrepresentation of material facts to us; conviction by you or your owners of a felony; bankruptcy or insolvency; if a Franchise Agreement with us is terminated.
(i) Your obligations on termination/non-renewal	Article 11	You must stop selecting sites and you may not open further Centers.
(j) Assignment of contract by us	9.1	No restriction on our right to assign. We may assign without your approval.

PROVISION	SECTION OF FRANCHISE AGREEMENT	SUMMARY
(k) "Transfer" by you-definition	9.2	Includes transfer of any interest in the Multi-Unit Development Agreement.
(l) Our approval of transfer	9.4	No transfer without our prior written consent which we may not unreasonably withhold.
(m) Conditions for our approval of transfer	9.4	Conditions for approval of transfer include being current in your Development Schedule, you are in good standing, the buyer meets our criteria for multi-unit developers; payment of transfer fee; buyer signs guaranty.
(n) Our right of first refusal to acquire your business	None	Not Applicable
(o) Our option to purchase your business	None	Not Applicable
(p) Your death or disability	9.3	Upon your death or disability, your representative must transfer your interest to an approved party within six (6) months. Such a transfer is subject to the same terms and conditions as any other transfer.
(q) Non-competition covenants during the term of the franchise	None	Not Applicable – Franchise Agreement governs.
(r) Non-competition covenants after the franchise is terminated or expires	None	Not Applicable – Franchise Agreement governs.
(s) Modification of the Agreement	Article 15	All modifications must be in writing and signed by all parties.
(t) Integration/merger clause	Article 15	Only terms of the Multi-Unit Development Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations franchisor made in the franchise disclosure document. Any representations or promises outside of the disclosure document and Multi-Unit Development Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Article 18	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated and arbitrated in the city closest to our corporate headquarters area and will be subject to the Commercial Arbitration Rules of the Judicial Arbitration and Mediation Services ("JAMS").

PROVISION	SECTION OF FRANCHISE AGREEMENT	SUMMARY
(v) Choice of forum	18.6	Arbitration must be in our home county and state (subject to state law).
(w) Choice of law	Article 17	Except for federal law, Illinois Law governs. (subject to state law)

### ITEM 18.

#### PUBLIC FIGURES

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

### ITEM 19.

#### FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchises and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a Franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 our management by contacting Kamil Czubacki, President, , the Federal Trade Commission and any appropriate state regulatory agencies.

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**ITEM 20.**

**OUTLETS AND FRANCHISEE INFORMATION**

TABLE NO. 1

**SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	2	3	+1
	2023	3	3	0
	2024	3	3	0
Total Outlets	2022	2	3	+1
	2023	3	3	0
	2024	3	3	0

TABLE NO. 2

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2022 TO 2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
All States	2022	0
	2023	0
	2024	0
TOTAL	2022	0
	2023	0
	2024	0

**TABLE NO. 3**  
**STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of Year
All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	1	0	0	0	0	0	0
TOTAL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

**TABLE NO. 4**  
**STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 TO 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
IL	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
TOTAL	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3

**TABLE NO. 5**  
**PROJECTED OPENINGS AS OF DECEMBER 31, 2024**

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Current Fiscal Year (2024)	Projected New Company-Owned Outlets in the Current Fiscal Year (2024)
Wisconsin	0	1	0
<b>TOTALS</b>	<b>0</b>	<b>1</b>	<b>0</b>

Exhibit E lists the names of all of our Franchisees and the addresses and telephone numbers of their Centers as of December 31, 2024. Exhibit E-1 lists the Franchisee that has left the System after December 31, 2024, but prior to the effective date of this Disclosure Document. There have been no Franchisees who have not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former Franchisees which would restrict them from speaking openly with you about their experience with us.

#### **ITEM 21.**

#### **FINANCIAL STATEMENTS**

**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** Exhibit D contains our Audited Financial Statements for the two (2) years ending on December 31, 2023 and December 31, 2024. Our fiscal year ends on December 31.

#### **ITEM 22.**

#### **CONTRACTS**

The following agreements for the Franchise Offering described in this Disclosure document are as follows:

<b>Agreement</b>	<b>Exhibit</b>
Franchise Agreement	Exhibit B to Disclosure Document
Lease Addendum	Schedule B to Franchise Agreement
Authorization for Electronic Funds Transfer	Schedule C to Franchise Agreement
Personal Guaranty	Schedule D to Franchise Agreement
Agreement Not to Compete and Confidentiality Agreement	Schedule E to Franchise Agreement
Confidentiality and Non-Solicitation Agreement for Employees	Schedule F to Franchise Agreement
Telephone Listing Agreement	Schedule G to Franchise Agreement
Form of Release, Covenant Not to Sue, and Indemnification	Schedule H to Franchise Agreement
Multi-Unit Development Agreement	Exhibit C to Disclosure Document

#### **ITEM 23.**

#### **RECEIPTS**

The last two (2) pages of this Disclosure Document (Exhibit "G") are detachable documents acknowledging your receipt of this Disclosure Document. You must sign each receipt and return one to us.

## **STATE REGULATIONS AND REQUIREMENTS ADDENDUM**

The following are additional disclosures for our Multistate Franchise Disclosure Document. Various state franchise laws require us to make these additional disclosures. These additional disclosures will not apply to you unless you meet the jurisdictional requirements of the applicable state franchise registration and disclosure law independently without reference to these additional disclosures. These disclosures supplement our Disclosure Document and supersede any conflicting information contained in the main body of the Disclosure Document:

### **FOR THE STATE OF CALIFORNIA**

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

1. 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 DISCLOSURE DOCUMENT.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations 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).

Neither the franchisor, any person or franchise broker in Item 2 of the 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 the association or exchange.

3. Item 17 of the Disclosure Document is amended to add the following:

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

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

The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.

The Franchise Agreement requires application of the laws of a state other than the State of California. This provision might not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in Item 17 with the costs being borne by the non-prevailing party. Prospective Franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (including Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

5. Item 19 of the Disclosure Document is amended to add the following:

The earnings claims figures do not reflect the costs of sales, operating expensed or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former Franchisees listed in the disclosure document may be one source of this information.

The following URL address is for the franchisor's website:

[www.AumBiocenter.com](http://www.AumBiocenter.com)

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. 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).

#### **FOR THE STATE OF CONNECTICUT**

1. Item 3 is amended to read as follows:

Neither Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

Neither Franchisor nor any other person identified in Items 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

Neither Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency,

or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

Neither Franchisor nor any person identified in Item 2 above 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) suspending or expelling these persons from membership in the association or exchange.

#### **FOR THE STATE OF HAWAII**

1. The Franchise Agreement has been amended as follows:

The Hawaii Franchise Investment Law provides rights to the Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 4.2, 16.2 and 18, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

Sections 4.2.9, 18.2.3 and 18.2.6 of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal or transfer of the franchise and Sections 5.2, 5.5 and 8.3 require Franchisee to sign a general release as a condition to receiving a refund of a portion of the franchise fee following a termination of the franchise; this release shall exclude claims arising under the Hawaii Franchise Investment Law.

Section 16.2.1.12 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Receipt Pages are amended to add the following:

THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF 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.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH Franchisor AND THE FRANCHISEE.

#### **FOR THE STATE OF ILLINOIS**

Illinois law governs the agreements between the parties to this franchise. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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 any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the 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 THERA WELLNESS therapy device is not a medical device but is instead being marketed in the U.S.A. as a "General Wellness Product" as defined by the Food and Drug Administration (FDA). General Wellness Products (Devices) are meant to sustain or offer general improvement to functions associated with a general state of health and not to diagnose, prevent, mitigate or restore a structure or function that has been impaired due to a disease or (medical) condition. Franchisees may not represent to customers or to the general public that it is making a medical diagnosis or treating a medical condition. The violation of the foregoing policy is grounds for termination of the Franchise Agreement.

A typical length of time between the signing of a Franchise Agreement and the opening of the franchise business is 30 to 120 days. Factors affecting this range include site availability, lease or purchase negotiations and construction time. We can terminate the Franchise Agreement if you fail to open the Center for business within 4 months from the date you sign the Franchise Agreement. (Franchise Agreement – Section 5.5).

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

## **FOR THE STATE OF INDIANA**

1. Item 8 of the Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), Franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the Franchisee.

2. Items 6 and 9 of the Disclosure Document are amended to add the following:

The Franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of Franchisee's reliance upon or use of procedures or products that were

required by franchisor, if the procedures or products were utilized by Franchisee in the manner required by franchisor.

3. Item 17 of the Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Item 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

Item 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

Item 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

#### **FOR THE STATE OF MARYLAND**

1. Item 17 of the Disclosure Document is amended to add the following:

Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.

Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of 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.

In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

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

#### **FOR THE STATE OF MINNESOTA**

1. Item 13 of the Disclosure Document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were

using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 of the Disclosure Document is amended as follows:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a Franchisee to assent to a general release.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

#### **FOR THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B 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 NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. 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 the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchises 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, anti-fraud or securities law, fraud; embezzlement, fraudulent conversion or misappropriation of property, unfair or deceptive practices; or comparable allegations.

D. No such party is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the 10 year period immediately before the date of the offering circular: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17 I 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. 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.

#### **FOR THE STATE OF NORTH DAKOTA**

1. Item 5 of the Disclosure Document is amended by the addition of the following language to the original language:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6 of the Disclosure Document is amended to add the following:

No consent to termination or liquidated damages shall be required from Franchisees in the State of North Dakota.

3. Item 17 of the Disclosure Document is amended to add the following:

No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.

In the case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.

The Franchise Agreement is amended to state that the statute of limitations under North Dakota Law will apply.

Items 17(i) and 17(q) are amended to state that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

Item 17(v) is amended to state a provision requiring litigation to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.

Item 17(w) is amended to state in the event of a conflict of laws, North Dakota Law will control.

#### **FOR THE STATE OF RHODE ISLAND**

Item 17 of the Disclosure Document is amended to add the following:

The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

### **FOR THE COMMONWEALTH OF VIRGINIA**

Please consider the following RISK FACTOR before you buy this franchise:

THIS IS A DEVELOPMENT STAGE COMPANY WHICH ENTAILS ADDITIONAL RISK OF FINANCIAL LOSS.

The following statements are added to Item 17:

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 provisions of the Franchise Agreement involve the use of undue influence by Franchisor to induce a Franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

### **FOR THE STATE OF WASHINGTON**

Item 5 of the Disclosure Document is amended to add the following:

The Franchisee shall not be required to pay the Initial Franchise Fee until Franchisor has fulfilled its initial pre-opening obligations and the Franchisee is open for business.

Item 17 of the Disclosure Document is amended to add the following:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A general release or waiver of rights signed by you will not include rights under the Washington Franchise Investment Protection Act.

Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act including the right to a jury trial may not be enforceable.

Transfer fees are collectable if they reflect our reasonable estimated or actual costs in effecting a transfer.

The Franchise Agreement requires any litigation to be conducted in a state other than Washington; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

In Any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

**FOR THE STATE OF WISCONSIN**

Item 17 of the Disclosure Document is amended to add the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

**EXHIBIT "A"**

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

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
CALIFORNIA	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (415) 972-8559	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (415) 972-8559
HAWAII	Commissioner of Securities of The State of Hawaii Business Registration Division Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Business Registration Division Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Franchise Division Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Securities Commissioner Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, Michigan 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau 670 Law Building Lansing, Michigan 48913
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212)416-8222	New York Department of State One Commerce Plaza 99 Washington Avenue Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505
RHODE ISLAND	Division of Securities John O. Pastore Complex, Bldg. 69-1 Cranston, Rhode Island 02920 (401) 426-9500	Director of the Rhode Island Department of Business Regulation 1511 Pontiac Avenue Cranston, Rhode Island 02920

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities  124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	Director of South Dakota Division of Securities  124 S. Euclid, Suite 104 Pierre, SD 57501
VIRGINIA	State Administrator Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street 1 <sup>st</sup> Floor Richmond, Virginia 23219
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501
WISCONSIN	Commissioner of Securities 111 West Wilson Street P.O. Box 1768 Madison, Wisconsin 53701 (608) 266-1365	Commissioner of Securities 111 West Wilson Street P.O. Box 1768 Madison, Wisconsin 53701

**EXHIBIT “B”**

**AumBio Franchising, LLC**

**Franchise Agreement**

**For a**

**AumBio Center**

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**AumBio Franchising, LLC**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_ (the “Effective Date”), by and between AumBio Franchising, LLC, an Illinois limited liability company (“we,” “us,” “our,” or “Franchisor”), and \_\_\_\_\_, whose place of organization, form, and principal business address are set forth on Schedule “A” attached to this Agreement (“Franchisee”, “you” or “your”). Franchisor and Franchisee may be collectively referred to as the “Parties”. If Franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners, jointly and severally.

**RECITALS**

The parties submit the following recitals, which are hereby incorporated into this Agreement:

WHEREAS, Franchisor owns: (i) the trademark “AUMBIO” and certain trademarks, trade names, service marks, logotypes, and other commercial symbols related thereto (collectively, the “Marks”); and (ii) a unique concept and system for the establishment and operation of an alternative holistic health center and which includes, without limitation, the Marks and distinctive trade dress, designs, business formats, methods, procedures, standards, and specifications; and

WHEREAS, Franchisee desires to enter into an agreement with Franchisor to obtain the rights to operate a AumBio Center business (the “Franchised Business” or “Center”) using the system and Marks developed by Franchisor or its affiliates, including standardized methods and procedures currently offered or as may be developed by Franchisor in the future, distinctive specifications for equipment; sales techniques, marketing, advertising, and procedures for operation and management of a Center in the manner set forth in this Agreement and in the Operations Manual provided by Franchisor and modified from time to time (the “System”); and

WHEREAS Franchisor has the right to license other to use the System and the Marks in the operation of one or more Franchised Business or Center.

WHEREAS, Franchisee wishes to acquire from Franchisor the right and license to operate a Center utilizing the System and Marks, upon the terms and conditions herein set forth to us for a franchise to use the System, and Franchisor desires to grant Franchisee a franchise to use the System, all subject to the terms and conditions of this Agreement; and

WHEREAS, the Franchisee appreciates and acknowledges the importance of the Franchisor’s standards of quality, appearance, and service as a necessity of owning and operating a franchise outlet in conformity with the Franchisor’s standards and specifications, and

WHEREAS, the Franchisee represents and warrants that the Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by the Franchisee of the obligations under this Franchise Agreement; and

WHEREAS, the Franchisee represents and warrants that neither the Franchisee nor any person or firm cooperating, assisting or acting with the Franchisee in connection with the opening of this franchise, or upon whom or which he may be relying for any assistance in this matter, direct or indirect, financial or otherwise, is a party to any contract, agreement or arrangement which limits,

prohibits or purports to limit or prohibit the Franchisee's entering into this Franchise Agreement or performing the Franchisee's obligations hereunder.

NOW, THEREFORE, the parties in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

## **1. GRANT OF FRANCHISE**

1.1 During the term of this Agreement, Franchisor hereby grants to Franchisee, upon the terms and conditions in this Agreement, the non-exclusive right and license, and Franchisee hereby accepts the right and obligation to develop and operate a Center under the Marks and the System in accordance with this Agreement only at the approved location.

1.2 Franchisor's grant of franchise to Franchisee includes (a) authorization to operate a Franchised Business under the Marks and in accordance with the System; (b) authorization to operate a Franchised Business only in the area designated by this Agreement; (c) authorization to advertise and promote Franchised Business using the Marks in accordance with the provisions of this Agreement.

1.3 Franchisee will acquire no right or authority under this Agreement or as an element of the Franchise to: (a) sell any product or service not authorized in writing by Franchisor; (b) to operate at any location other than designated by this Agreement except as expressly authorized by Franchisor in writing; and (c) sell any product or services from catalogues or an internet website except as authorized in writing by Franchisor.

1.4 Franchisee's right to operate the Franchised Business and to use the Marks or any element of the System for the operation of the Franchised Business is contingent upon Franchisee's full compliance with all federal, state, and local laws, rules and regulations, and Franchisee's timely procurement of any and all permits, certificate or licenses necessary for the full and proper conduct of the Franchised Business including, without limitation, licenses to do business, trade name registrations and sales tax permits.

1.5 Franchisee has represented to Franchisor that it has entered into this Agreement with the intention to comply fully with the obligations to operate a Center hereunder and not for reselling rights to develop the Center hereunder. Franchisee understands and acknowledges that Franchisor has granted such rights in reliance on the business skill, financial capacity, personal character of and expectations of performance hereunder by Franchisee.

## **2. TERM AND RENEWAL**

2.1 Unless previously terminated pursuant to this Agreement the initial term of this Agreement shall commence on the date hereof and shall expire on the day preceding of the tenth (10th) anniversary thereof (the "Initial Term").

2.2 If the Franchisee wishes this Agreement to be renewed by Franchisor for two (2) additional terms of five (5) years each (each, a "Renewal Term") the Franchisee shall provide Franchisor written notice of this request for renewal not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement. Franchisor shall not unreasonably withhold its approval of such requests for renewal provided, however that to be considered for renewal the Franchisee agrees to comply with the following conditions:

(i) The Franchisee is not, when the request for renewal is made, or at the end of the initial term hereof in default of any provision of this Agreement any amendment hereof or successor hereto or any other agreement between the Franchisee and Franchisor or its Affiliates or the Franchisee's landlord ("Landlord"), and the Franchisee has complied with the terms and conditions of all such agreements during the term of this Franchise Agreement;

(ii) All obligations owed by the Franchisee to Franchisor, any approved vendor and to Landlord have been satisfied prior to renewal and timely met throughout the term of this Franchise Agreement;

(iii) The Franchisee executes the Franchisor's then-current Franchise Agreement, in use with respect to new franchisees, which may contain terms and conditions materially different from those set forth herein, including, without limitation, the then-current rate for royalties, advertising and other payments as such Franchise Agreement may provide; provided, however, that the Franchisee shall not be required to pay any additional initial franchise fee as may be set forth in the then-current Franchise Agreement.

(iv) Franchisee shall pay a renewal fee of \$5,000, which sum is subject to an upward adjustment based upon increases on the Consumer Price Index.

(v) The Franchisee and its principal owners shall execute a general release under seal, in a form satisfactory to Franchisor, of all claims it may have against Franchisor and its officers, directors, shareholders and employees, in their corporate and individual capacities, including without limitation, all claims arising under any federal, state or local law, rule or ordinance. If this franchise is situated in a state whose law, at the time of renewal, prohibits the giving of a general release as a condition for the renewal of a franchise, then this sub-paragraph shall not, in such event, be a condition to renewal of this franchise, unless a release of some, but not all, claims is permitted, in which instance the Franchisee shall give a release to the extent permitted.

(vi) The Franchisee agrees, at its sole cost and expense, to reimage, renovate, refurbish and modernize the Center, within the time frame required by the Franchisor, including the building design, landscaping, equipment, signs, interior and exterior décor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials to meet the Franchisor's then current standards, specifications and design criteria for the Center, as contained in the then-current Franchise Agreement, Manual, or otherwise in writing, including, without limitation, such structural changes, remodeling and redecoration and such modifications to existing improvements as may be necessary to do so

(vii) The Franchisee completes any additional education or training programs that Franchisor may then require for franchisees upon renewal.

(viii) Franchisee provides Franchisor with evidence that Franchisee has the legal right to remain in possession of the premises where the Center is located or to secure an acceptable alternative site for the renewal term.

(ix) Franchisor has determined that it will continue to offer franchises in Franchisee's territory.

### **3. LOCATION OF FRANCHISED CENTER AND TERRITORY**

3.1 Franchised Site. The rights granted to Franchisee hereunder shall be non-exclusive and shall be restricted to the operation of a single Center at a location set forth in Schedule “A” (the “Franchised Site”). During the term of this Agreement, the Franchised Site shall be used exclusively to operate a Center. In connection with the execution of any lease or sublease for the Franchised Site, Franchisee must execute and cause the Landlord to execute the Lease Addendum attached to this Agreement as Schedule “B”. The rights granted to Franchisee are for the specific Franchised Site and cannot be transferred to any other location without Franchisor’s prior written consent.

3.2 Territorial Protection. So long as Franchisee, its Affiliates, and Principals are in full compliance with this Agreement, and all other agreements between Franchisee, its affiliates, and Principals and Franchisor, Franchisor will not establish for itself, operate, or grant a franchise to any other party to establish a Center within the territory specified on Schedule “A” attached hereto (the “Territory”). Notwithstanding anything herein to the contrary, if any disagreement arises regarding the area comprising the Territory, then the Franchisor’s decision as to the definition of the Territory shall be final and binding.

3.3 Rights Reserved by Franchisor. Franchisor and its affiliates retain all rights with respect to, the System, and the Marks, to establish and operate, and to grant to others, all without compensation to you, including but not limited to:

(i) the right to establish or grant others the right to establish Centers providing similar products or services under the Marks or different trademarks outside the Territory;

(ii) the right to offer and sell any products and permit others to offer and sell any products under the Marks or any other trademarks through other channels of distribution;

(iii) the right to develop, use, and franchise anywhere (including within the Territory, the rights to any trade names, trademarks, service marks, commercial symbols, emblems, signs, slogans, insignia, patents, or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different services than those constituting a part of the System, without granting Franchisee any rights therein;

(iv) the right to offer, sell and ship products, and permit others to offer, sell and ship products under the Marks or any other trademarks, to any location in or outside the Territory through other channels of distribution such as mail order, catalogs, telemarketing, or the Internet; and

(v) the right to engage in any other activity, action, or understanding that Franchisor is not expressly prohibited from taking under this Agreement.

### **4. FEES**

4.1 Initial Franchise Fee. In consideration of Franchisee receiving the opportunity to establish and conduct a Franchised Business, Franchisee shall pay to Franchisor the initial non-reoccurring nonrefundable Franchise Fee of Fifty Thousand (\$50,000.00) Dollars (the “Initial Franchise Fee”), or such different amount as may be shown in Schedule “A”, which is attached hereto, which fee shall be deemed fully earned by Franchisor upon execution of this Agreement by Franchisor and in consideration of the grant by it to the Franchisee of the opportunity to establish the

Franchise Business and also as consideration for the Franchisor's services to that time, including, without limitation, screening of the Franchisee candidate, counseling and consultation. The Franchisee shall not be entitled to a refund of the Initial Franchise Fee or any part thereof, regardless of the date of expiration or termination of this Agreement.

4.2 Continuing Royalty Fee. In return for the ongoing rights and privileges granted to the Franchisee, the Franchisee shall pay to the Franchisor, throughout the term of this Agreement, a continuing royalty fee (the "Royalty Fee") in the amount of six (6%) percent of Franchisee's Gross Revenues. The Royalty Fee will be payable in arrears on the fifth (5<sup>th</sup>) day of each month for the Gross Revenues generated by Franchisee during the immediate preceding month. All Royalty Fees shall be paid by electronic funds transfer.

4.3 Definition of Gross Revenue. "Gross Revenues" means the aggregate amount of all the Franchisee's revenues, sales, and other income from whatever source derived regardless of whether collected by the Franchisee or collected in the form of check, cash or credit, including exchanges in kind or for barter, and arising out of, in connection with or relating to the Franchised Business, including but not limited to (a) income from the sale of any products or other items; (b) income from any services provided; and (c) all proceeds from any business interruption insurance or determination of lost profits, but excluding (i) all refunds and discounts made in good faith to a customer; (ii) any sales, use, retail sales and equivalent taxes which are collected by the Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; and (iii) the value of any coupon, voucher or other allowance authorized by Franchisor in writing and issued or granted to customers of the Franchised Business which is received or credited by the Franchisee in full or partial satisfaction of the price of any product or service offered in connection with the Franchised Business. Franchisor reserves the right to institute policies in the Manuals or otherwise in writing and from time to time, regarding the inclusion in Gross Sales of any pre-paid goods or services (including, without limitation, gift cards and gift certificates) and the delivery and redemption thereof."

4.4 Supplier Evaluation Service Fee. Franchisor's current supplier evaluation service fee payable in connection with requested approval by Franchisee of a then non-approved supplier will not exceed Five Hundred (\$500) Dollars. This service fee is nonrefundable and is due at the time request of approval is submitted to Franchisor. Franchisor reserves the right to modify this service fee at any time upon notice to Franchisee.

4.5 Technology Fee. Franchisee shall pay to Franchisor a Technology Fee of One Hundred (\$100) Dollars per month, which is subject to change upon thirty (30) days' notice.

4.6 Other Charges and Service Fees. Franchisee understands and agrees that the System is developing and that there may be other charges and service fees that will be agreed upon between Franchisee and Franchisor and assessed to Franchisee either by Franchisor or vendors in connection with existing components of the System or the addition of modified or new components to the System. Franchisee agrees to pay all such other charges and service fees in a timely manner.

4.7 Brand Fund Fee. Franchisee shall pay to Franchisor, without offset, credit or deduction of any nature, a Brand Fund Fee of one (1%) percent of Franchisee's Gross Revenues on the fifth (5<sup>th</sup>) day of each month.

4.8 Transfer Fee. Franchisee must not transfer the Franchised Business except with Franchisor's prior written consent. If Franchisor approves Franchisee's transfer as provided in

Section 15, Franchisee must pay Fifty (50%) percent of the then-current initial franchise fee as a transfer fee prior to completion of the transfer.

4.9 Annual Increase in Fixed Fees or Fixed Payments. Franchisor reserves the right to increase the amount of any fixed fee or fixed payment, e.g., the Renewal Fee, due Franchisor under this Agreement, or a related agreement (“Annual Increase”). An Annual Increase to each fixed fee or fixed payment may occur only once during any calendar year and may not exceed the corresponding cumulative increase in the Index since the date of this Agreement or, as the case may be, the date that the last Annual Increase became effective for the particular fixed fee or fixed payment being increased. All Annual Increases will be made at the same time during the calendar year. “Index” refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982 - 1984 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Agreement, such other governmental index or computation with which it is replaced must be used to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.10 Method of Payment and Electronic Funds Transfer. Unless otherwise agreed between Franchisor and Franchisee, all fees and other amounts paid to Franchisor or any affiliate must be made in the form of an ACH, electronic or similar funds transfer in the appropriate amount(s) from Franchisee’s designated bank account. Franchisor reserves the right to require Franchisee to pay any fees due under this agreement at any intervals Franchisor may designate and by such means as Franchisor may specify from time to time. Franchisee agrees to execute and deliver to its bank and to Franchisor those documents necessary to authorize such withdrawals and to make payment or deposit as directed by Franchisor. A form of authorization for electronic transfer of funds is attached hereto as Schedule “C”. Franchisee further agrees that it will not thereafter terminate such authorization so long as the Franchise Agreement is in effect. Franchisee agrees that it will not close such bank account without prior notice to Franchisor and the establishment of a substitute bank account permitting such withdrawals. Franchisee also agrees that in the event that a direct electronic funds transfer, or other withdrawal program is not available at the bank at which it currently does its business, it will take all reasonable and necessary steps to establish an account at a bank which does have such a program.

4.11 Interest on Late Payments. If any fee or other amount due under this Agreement is not paid when it is due, Franchisee will pay interest on any balance due from the date due until such amount is paid in full at the highest then-applicable legal rate for open account business credit not to exceed one and one-half percent (1.5%) per month. This charge will accrue whether Franchisor or Franchisee exercise their respective rights to terminate this Agreement pursuant to Article 14 hereof.

4.12 Application of Payments. All payments by Franchisee will be applied in such order as Franchisor may designate from time to time. Franchisee agrees that it may not designate an order for application of any fees different from that designated by Franchisor and expressly acknowledges and agrees that Franchisor may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by Franchisor, which written agreement must be separate from the check or other document or medium constituting or transmitting payment.

4.13 Taxes on Payments and Currency. If any taxing authority, wherever located, imposes any future tax, levy, or assessment on any payment Franchisee makes to Franchisor, (excluding income tax) Franchisee must, in addition to all payments due to Franchisor, pay such tax,

levy, or assessment. All fees and other amounts due Franchisor, or any affiliate thereof, under this Agreement, or any other agreement related to Franchisee's ownership or operation of the Franchised Business, are stated in United States dollars, and must be paid in United States dollars.

## **5. DEVELOPMENT AND OPENING OF THE CENTER**

**5.1 Initial Training Program by Franchisor.** Prior to the opening of the Franchised Business, Franchisor shall provide to Franchisee (or, in the case where Franchisee is a corporation or other legal entity, a principal or Designated Person (as defined herein) who has been approved in writing by Franchisor) and one (1) other key employee designated by Franchisee as the manager or assistant manager for the operation of the Franchised Business, a training course of such duration, content and at such location and in such format as Franchisor may deem necessary in its discretion, but not less than five (5) days, covering phases of the System as Franchisor deems necessary and may change from time to time. Franchisee and its trainee shall be obligated to attend, and successfully complete, Franchisor's training course to Franchisor's satisfaction ("Initial Training Program"). Franchisee shall be responsible for all travel and living expenses and all wages/compensation payable to any trainees. Franchisor further agrees to furnish one (1) person, experienced in the System, to assist Franchisee at the Premises for such period immediately preceding or following the opening of the Franchised Business as Franchisor deems reasonable. Additional mandatory or optional training, start-up assistance or retraining or refresher courses may be provided by Franchisor (although Franchisor is not required to do "at a cost to Franchisee based on Franchisor's then current fee, which may include a daily or hourly fee for Franchisor's personnel performing such training or assistance, plus other reasonable expenses, including all travel, meal and accommodation expenses. Any additional training, startup assistance or retraining or refresher courses are subject to availability and shall be offered at Franchisor's sole discretion. Franchisee must also complete the basic THERA WELLNESS virtual training program.

All required trainees must successfully complete the initial training before they may be involved in the operation of the Franchised Business. At least one of Franchisee's required trainees must successfully complete the initial training before the Franchised Business may open or operate. Franchisor has the right in its reasonable discretion to determine whether a trainee has successfully completed the initial training. If Franchisor concludes that a required trainee has failed to successfully complete the initial training, that person must re-enroll in Franchisor's next scheduled applicable initial training program at the current fee as determined by Franchisor. Franchisor will have the right to terminate this Franchise Agreement if, following the initial training and re-enrollment training, if any, none of Franchisee's required trainees have successfully completed the initial training. Scheduling of the initial training will be determined by Franchisor based on Franchisor's schedule and facility availability for training.

**5.2 Location of the Center.** Within sixty (60) days of the Effective Date of this Agreement, Franchisee must identify, submit to Franchisor for approval, and obtain our approval of the location of the Franchised Site. Franchisor will have 15 days from receipt of all the requested information to approve or disapprove the location. Franchisor has the right to grant or withhold approval of any proposed location in its business judgment. Franchisee acknowledges and agrees that Franchisor's consent to the location, and any information regarding the location communicated to Franchisee regarding the standard site selection criteria for Franchised Businesses, does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location for a Business or for any other purpose. Franchisor's recommendation of or consent to the location indicates only that Franchisor believes that the location falls within the acceptable criteria for locations that Franchisor has established as of the time of the consent to the location. Franchisee acknowledges and agrees that Franchisee's selection of the location is based on Franchisee's own

independent investigation of the suitability of the location and that Franchisor's approval is not a guarantee or promise of success. Franchisor shall not unreasonably withhold its consent to Franchisee's proposed location. If the Parties cannot agree on a mutually acceptable location for the Center within one hundred twenty (120) days of the Effective Date of this Agreement, Franchisor may terminate the Agreement. Franchisor will, however, consider granting reasonable extensions of time if it reasonably believes Franchisee is acting diligently to secure an acceptable site for the Center. Franchisee agrees to use the Franchised Site solely for the operation of the Center in the manner and pursuant to the standards prescribed herein, in the Operations Manual or otherwise in writing, and to refrain from using or permitting the use of the Franchised Site for any other purpose or activity at any time.

**5.3     Lease of the Premises.** Franchisee must purchase or lease the location within sixty (60) days after signing this Agreement. Failure to sign a lease within this timeframe constitutes grounds for immediate termination of this Agreement and the loss of Franchisee's nonrefundable Initial Franchise Fee. Franchisor has the right, but not the obligation, to review and approve the terms of any lease or purchase contract for the location, and Franchisee agrees to deliver a copy to Franchisor for approval before it is signed. Franchisee agrees that any lease for the location must be in form and substance satisfactory to Franchisor and "must include all of the following provisions: (i) Franchisor's right to, at its option, cure Franchisee's default under the lease; (ii) Franchisor's right to, at its option, to assume the lease in the event of Franchisee's default under the lease; (iii) the landlord's obligation to provide Franchisor with notice of Franchisee's default under the lease; (iv) Franchisor's right to enter the leased premises without landlord's interference; and (v) the landlord's consent to Franchisee and Franchisor to take the necessary action to comply with post-termination obligations under this Agreement and to exercise post-termination rights hereunder.

Franchisee may not execute a lease, sublease, purchase contract or any modification thereof without Franchisor's approval. Franchisor's approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to Franchisee's ability to comply with its terms. Franchisor does not, by virtue of approving the lease, sublease, or purchase contract, assume any liability or responsibility to Franchisee or to any third parties. Such approval indicates only that Franchisor believes that the location and certain terms of the lease, sublease or purchase contract fall within the acceptable criteria established as of the time of approval. Franchisee further acknowledges that Franchisor has advised Franchisee to seek legal counsel to review and evaluate the lease. Franchisee must deliver a copy of the fully signed lease, sublease, or purchase contract to Franchisor within 10 days after its execution.

**5.4     Relocation of the Center.** Franchisee will not relocate its Center without Franchisor's prior written consent. If Franchisor approves Franchisee's request for relocation, Franchisee will bear all expenses associated with the relocation of the Center. Franchisee is responsible for complying with all provisions of this Agreement including but not limited to all provisions regarding execution of a new lease, sublease, purchase contract.

**5.5     Center Development and Opening.** Franchisee is responsible for developing its Center. Franchisor will provide Franchisee with assistance and guidance on the design of the Center, including décor and layout, ordering of equipment and your initial inventory of supplies. Franchisee is obligated to have prepared all required construction plans and specifications to suit the shape and dimensions of the Premises and to ensure that such plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. Franchisee may not open for business until Franchisor has certified that Franchisee is in full compliance with the System. Franchisee must open the Center within one hundred-twenty (120) days of the execution of this Agreement, or we have the right to terminate this Agreement.

## 5.6 Leasehold Improvements.

(i) Franchisee will make the leasehold improvements and install the furniture, fixtures, equipment, appurtenances, and signage at the Center which are required to comply with our current standards and specifications. Franchisor will consult with Franchisee regarding the construction, remodeling, equipping, and decorating of the Center; provided, however, it will be Franchisee's sole responsibility to design, construct, equip, decorate, and open the Center in compliance with this Agreement and our Confidential Operations Manual. Franchisor may provide Franchisee with a sample layout for the interior of a standard Center and with a set of standard preliminary plans and specifications. Franchisee will employ architects, designers, engineers, and others as may be necessary to complete, adapt, or modify the plans and specifications for the Center. Franchisee will submit to us a complete set of final plans and specifications Franchisee proposes using before it commences any construction of the Center. Franchisor will review the proposed final plans promptly and will approve or provide comments regarding such plans to Franchisee. Franchisee may not commence construction of the Center until Franchisor approves the final plans in writing. All leasehold improvements related to Franchisee's Center will be at its sole cost and expense. All costs associated with the completion, adaptation, modification, or replacement of any sample plans; all preparation, adaptation, modification, or replacement of the final plans will be your sole responsibility. Nothing in this Agreement shall mean that Franchisor is providing any construction or architectural services including but not limited to acting as a construction general or subcontractor.

(ii) Renovation of Your Center. Franchisee acknowledges and agrees that it is in its best interests, and in the best interests of our other franchisees and the System, that each Center, be clean, up-to-date, well-maintained, and well-appointed. Therefore, Franchisee acknowledges and agrees that it will, at Franchisor's request, redesign, refurbish, and remodel (collectively, "Renovate") Franchisee's Center from time to time to conform to: (i) Franchisor then-current specifications; (ii) the requirements set forth in its Manual; and (iii) Franchisor's judgment as to the condition, state of repair, and general appearance of Franchisee's Center compared to the condition, state of repair; and general appearance that we consider desirable. The Parties acknowledge and agree that the renovations are intended to be periodic refurbishing and remodeling of Franchisee's Center, and that nothing contained in this Section 5.6 of this Agreement will affect Franchisor's right to require Franchisee to maintain its Center in compliance with this Agreement and the Manual, or Franchisee's obligation to do so. Notwithstanding the foregoing, Franchisor will not require Franchisee to Renovate its Center more than once every five (5) years, except for Renovations it must make on its renewal or transfer of the Franchised Business.

(iii) Construction, Inspection, and Opening. Franchisor has the right to require Franchisee to use a licensed general contractor to perform all construction, at the Center, and for all remodeling, and Renovation at the Center. If so required, Franchisee will immediately furnish to Franchisor, before commencing such construction, remodeling, or Renovation and from time to time thereafter on our request: (i) the names, email addresses, postal addresses, and telephone numbers of any or all general contractors and subcontractors or vendors involved in any construction, remodeling, or Renovations; (ii) copies of all permits, licenses, contractors' liability insurance certificates, and other items required for the lawful construction, equipping, and operation of Franchisee's Center; and (iii) copies of all construction contracts, documents, and lien waivers, related to such construction, remodeling, or Renovation of Franchisee's Center.

(iv) Signage. All signage related to the Center must conform to such standards and specifications as Franchisor may prescribe as to type, color, size, design, and location. Franchisor must obtain our prior written approval before Franchisee installs or displays any such signage.

## 6. OPERATING ASSISTANCE

6.1 Assistance Prior to Opening. Prior to Franchisee's Opening Date, Franchisor will provide Franchisee with the following assistance, on the same basis as it will from time to time make available to other AumBio franchisees:

- (i) Loan Franchisee or provide Franchisee with access to the electronic version of one copy of the Manual. Franchisor may modify the Manual by written or on-line supplements of which Franchisee will receive copies or receive links to print document.
- (ii) Review the Franchisee's proposed location for the Center and grant approval to the proposed location if it meets Franchisor's standards.
- (iii) Franchisor will provide the pre-opening support set forth in Section 5.5 herein.
- (iv) Provide you with our mandatory specifications for the equipment, initial inventory and supplies you will need to operate your Center.
- (v) Franchisor will provide initial training as set forth in this Agreement at the Franchisor's headquarters or other location for Franchisee and its designated Manager.
- (vi) Franchisor will establish a presence for the Franchised Business on the internet.
- (vii) Franchisor will advise Franchisee on implementing a market introduction marketing program for the Franchised Business.
- (viii) Franchisor will advise Franchisee concerning approved suppliers of equipment, signs, fixtures, opening inventory and supplies.

6.2 Ongoing Assistance. After Franchisee's Opening Date, Franchisor or its designee will make the following assistance available to Franchisee:

- (i) Regular consultation and advice in response to Franchisee's inquiries. Franchisor may decide how best to communicate such consultation and advice to Franchisee, whether by telephone, in writing, electronically or in person. The method chosen by Franchisor may be different than the methods used by Franchisor for other franchisees.
- (iii) Make goods and services available to Franchisee either directly or through approved suppliers.
- (iv) Periodically revise the Manual to incorporate new developments and changes in the System and provide Franchisee with a hard copy or electronic copy of all updates.
- (v) Franchisor may also hold statewide, regional, or national conferences to discuss promotional techniques, performance standards, advertising programs and general topics. You are required to attend those conferences. Franchisor may charge a fee for these conferences; Franchisee must pay for all your travel and lodging expenses.

(vi) Provide such general advisory assistance and field support as we deem helpful to you, in our discretion, in the ongoing operation, advertising and promotion of your Center.

(vii) Franchisor will conduct periodic inspections of the Center and periodic evaluation of the products and services rendered by the Franchisee. Franchisor shall also have the right to inspect and audit any equipment to ensure it is in good operating condition.

(viii) Provide Franchisee with access to advertising and promotional items and materials that Franchisor may develop for promotion of the System. Franchisor is not however, required to develop any advertising or promotional items or materials. Franchisee will be required to purchase the advertising materials if Franchisor so directs and if Franchisee desires to use them, including all costs of shipping.

(ix) Use our reasonable efforts to maintain high standards of quality, appearance and professionalism and service of the Center.

(x) Franchisor, at Franchisee's request, may examine information or samples provided by Franchisee about products or services which are not approved by Franchisor, but which Franchisee would like to offer from your Center. Franchisor may decide based on the information supplied by you and by information Franchisor might obtain somewhere else, whether to approve the product or service Franchisee has presented to Franchisor. Franchisor will provide Franchisee with its approval or disapproval within 90 days of receiving Franchisee's written request. Franchisee must pay all our expenses in connection with any examination, testing or inspection.

(xi) Provide additional mandatory and optional training on an as-needed basis for replacement Designees and on new products and services that we introduce into the System.

(xii) Franchisor shall provide at its own expense during the first week of the operation of the Center, one (1) representative who will be present at the Franchisee's Center during normal business hours for five (5) days, to provide opening assistance and support in the operation of the Center.

(xiii) Franchisee is solely responsible for determining the fees charged to clients for services offered at the Center; however, Franchisee is required to comply with any maximum or minimum resale pricing restrictions Franchisor may implement so long as such pricing does not violate applicable law. Franchisee agrees to participate in any system-wide or regional promotion that Franchisor may run, and which promotion may impose temporary price or portion requirements on Franchisee. Franchisee further agrees to participate in any customer loyalty card or gift card programs required by Franchisor.

## 7. DUTIES OF THE FRANCHISEE

7.1 Fictitious Name. Franchisee will file for and maintain a Fictitious Name registration for the Business as required by the state, county, city, or community where your Center is located, and will operate your Center, using the name "AUMBIO CENTER" as the Center's principal name. Franchisee will, at its sole cost and expense, perform all filings and procure all required or necessary governmental approvals, permits, or registrations required to do business under such fictitious name, and you agree that you and your Franchised Business, including its Center, will be identified as a franchisee of Franchisor's but not as our agent. Franchisee may not use the Marks, or any words or symbol confusingly similar thereto, as part of its entity name.

7.2. Opening of Center. Franchisee will open its Center within one hundred twenty (120) days after the date of the execution of this Agreement. Franchisee will not open the Center until Franchisor certified that Franchisee is in full compliance with the requirements of the Operations Manual, this Agreement, and all other agreements related to the Franchised Business.

7.3. Maintenance and Repair. Franchisee will, always during the Term, at its sole cost and expense, maintain the interior and exterior of its Center, and all furniture, fixtures, equipment, décor, and signage in or at the Center, in the highest degree of cleanliness, maintenance, condition, and repair.

7.4. Compliance with Laws. Franchisee shall comply with all civil and criminal laws, ordinances, rules, regulations, and orders of public authorities pertaining to the maintenance and operation of the Franchised Business, including but not limited to those relating to health, safety, sanitation employment, environmental regulation, and taxation. Notwithstanding the foregoing, Franchisee will: (i) strictly comply with all applicable wage, hour, anti-discrimination, and anti-harassment Laws, and the Americans with Disabilities Act, as amended from time to time; and the successor legislation to any and all of them; (ii) duly file all tax returns you are required to file; (iii) duly pay all taxes you are obligated to pay; and (iv) obtain and maintain in good standing all necessary licenses, permits, and other required forms of governmental approval required of you in order to operate your Franchised Business including all health permits.

7.5. Your Participation in the Operation of Your Center: Center Manager. Franchisee will devote the amount of its time, attention, and best efforts to the performance of its duties under this Agreement as are necessary for the proper and effective operation of the Franchised Business. Franchisee will designate one or more Center Managers. Franchisor will have the right to approve each Center Manager Franchisee proposes to employ. One or more of Franchisee's Center Managers will: (i) be physically present at the Center at all times when the Center is open for business; (ii) have day-to-day management responsibility for your Center; (iii) exercise on-premises supervision of the Center; and (iv) personally participate in the direct operation of the Center. Franchisee will inform Franchisor in writing as to the identity of all Center Managers, including all additions to and successors of them or any of them. Each Center Manager Franchisee employs will successfully complete the training we require.

7.6. Requirements Related to Center Operations. You expressly covenant, warrant, and agree that:

(i) Franchisee will cause all of the activities and operations of the Center to be conducted, and you will conduct yourself, at all times, in compliance with the System, including without limitation all rules, guidelines, standards, specifications, plans, programs, methods, techniques, and procedures we may, from time to time establish, as though all such rules, guidelines, standards, specifications, plans, programs, methods, techniques, and procedures were specifically set forth in this Agreement.

(ii) Franchisee will not conduct; permit the conduct of any business other than the business contemplated by this Agreement at or from the Center or the Center premises without Franchisor's prior written consent, which consent Franchisor may withhold in its sole and absolute discretion.

(iii) You will offer for sale, sell, and deliver all services that we direct you to offer for sale.

(iv) You will comply with our rules, guidelines, standards, specifications, plans, programs, methods, techniques, and procedures related to the services delivered at the Center.

(v) You will keep the Center open for business and in normal operation during the days and hours we specify. We may modify such hours of operation from time to time on notice to you.

(vi) You will deal fairly and honestly with all customers, suppliers, vendors, render prompt, courteous, and willing service; properly respond to all complaints and take such other steps as may be required to enhance the goodwill associated with the System and the Marks.

(vii) You will pay promptly when due all debts you owe us or any of our affiliates, and all taxes and other obligations you owe in relation to your Center; including, without limitation, all federal, state, and local taxes, and all accounts payable of any nature.

(viii) Franchisee will participate in any client satisfaction or “Mystery Shopper” programs as Franchisor may require.

(ix) You will ensure that at all times during the operation of the Franchised Business, all of your employees conduct themselves in a professional manner and with the highest standards of professionalism. Your failure to ensure that your employees so conduct themselves is a material breach of this Agreement.

(x) **Franchisee shall not and shall ensure that all of its employees make any representations to its customers directly or by inference, that it is rendering medical services or making a diagnosis or providing treatment for any medical condition. Franchisee acknowledges that as an AUMBIO franchisee it is providing general wellness services. Franchisee's violation of the foregoing requirement constitutes a material breach of this Agreement and is grounds for termination of the Franchise Agreement.**

#### **7.7 Hiring and Supervision.**

(i) Franchisee must hire and at all times maintain a sufficient number of qualified, competent personnel, in order to offer prompt, courteous and efficient service to the public, and otherwise operate the Center in compliance with the System. All employees, engaged in the operation of the Center during working hours must dress conforming to Franchisor's standards, must present a neat and clean appearance (wearing Franchisor's approved apparel) in conformance with Franchisor's reasonable standards and must render competent service to the clients of Franchisee's Center.

(ii) The Center must be under the supervision of one or more of Franchisee's designated and fully trained Center Manager.

(iii) Franchisee must keep Franchisor informed as to the identity of its designated Manager. All management or supervisory employees of Franchisee must execute the Confidentiality and Non-Competition Agreement attached hereto as Schedule “F”.

(iv) Franchisee is solely responsible for the day-to-day operation of the Center and its employees. Franchisee is solely responsible for recruiting and hiring the persons employed to operate the Franchised Business. Franchisee is responsible for their training, wages, taxes, benefits, safety, schedules, work conditions, assignments, discipline, and termination. At no point

will you or your employees be deemed to be employees of Franchisor. You will conduct a criminal background check on all prospective employees through a reputable outside vendor.

(v) Franchisee shall obtain from each of its personnel an acknowledgement signed by such personnel providing that such individual understands, acknowledges, and agrees that he or she is an employee of Franchisee and not Franchisor and that such individual shall look solely to Franchisee for his or her compensation and for all other matters related to their relationship with Franchisee.

(vi) Franchisee shall post a notice on an employee bulletin board clearly visible to employees at the Franchised Business notifying all employees of their employer and clearly stating that neither Franchisor nor its affiliates are an employer of the employees.

(vii) Franchisee's employees are not Franchisor's agents or employees, and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions of the Franchised Business, including payroll, and providing worker's compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor and that Franchisor does not provide facilities, equipment or house or transport Franchisee's employees or provide to Franchisee employees tools or materials required for Franchisee's employees to perform services for Franchisee.

7.8 Client Complaints. Franchisee must respond promptly to client complaints and take such other steps as may be specified by Franchisor in the Operations Manual or otherwise to ensure positive client relations.

7.9 Third Party Actions. Franchisee must notify Franchisor in writing within five (5) days of any written threat or the actual commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Center.

7.10 Inspection of the Business Premises. Franchisee hereby grants to Franchisor and its agents the right to enter upon the Premises, without notice, at any reasonable time for the purpose of conducting inspections of the Premises, Franchisee's books, records, computer hardware and software, and other business equipment, and Franchisee agrees to render such assistance as may reasonably be requested and to take such steps as may be necessary immediately to correct any deficiencies detected during such an inspection upon the request of Franchisor or its agents.

7.11 Possible Variation in Certain Standards. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, licensing requirements, existing business practices or any other conditions which Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee will have no recourse against Franchisor because of any variation from standard specifications and practices granted to any franchisee and will not be entitled to require Franchisor to grant Franchisee a like or similar variation hereunder.

7.12 Attendance at Annual Convention. Franchisor may hold an annual conference (the "Convention") at a location it selects. Franchisor will determine the topics and agenda for the Convention to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding

business operations, and recognizing franchisees for their achievements. Franchisee or Franchisee's representative must attend the Convention and to pay Franchisor's then-current registration fee. If Franchisor charges a registration fee for the Annual Convention, Franchisee must pay the fee regardless of whether you attend. All expenses, including Franchisee and Franchisee's employees' transportation to and from the Annual Convention, and lodging, meals, and salaries during the Annual Convention, are the responsibility of Franchisee.

**7.13 Intellectual Property Belongs to Franchisor.** If Franchisee, Franchisee's employees, or principals develop any new concept, process or improvement in the operation or promotion of the Center or the System, Franchisee will promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process, or improvement will become Franchisor's sole property and Franchisor will be the sole owner of all patents, patent applications, trademarks, copyrights, and other intellectual property rights related thereto. Franchisee and Franchisee's principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process, or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Franchisee and Franchisee's principals hereby irrevocably designate and appoint Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. If the foregoing provisions of this Section 7.13 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

**7.14 Step In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to meet any of the requirements of this Article 7 or cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the premises of the Center and exercise complete authority with respect to the operation of the Center until such time as Franchisor determines that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's business including, without limitation, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations, plus a fee not to exceed \$500 per day. If Franchisor undertakes to operate the Center pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits, or proceedings which may arise out of Franchisor's operation of the Franchised Business.

**7.15 Computer and Electronic Cash Register Systems.** Before you open your Center, you will obtain and install at your Center, at your sole cost and expense, all computer and electronic cash register hardware and software we require. You will use such computer and electronic cash register systems and software to record all your sales transactions, for your accounting and bookkeeping functions, for inventory control, for scheduling, for Internet communication and email, for extranet programs, and as we may otherwise specify.

7.16 Personal Guaranty of Your Principal Owners. Franchisee covenants, warrants, and agrees that when upon signing this Agreement, and always thereafter, Franchisee will cause each of your Principal Owners, and each successor to any or all of them, to execute and deliver, in his or her individual capacity, the form of Personal Guaranty attached to this Agreement as Schedule “D”.

7.17 Telephone Listing Agreement. When you sign this Agreement, you will execute and deliver to us the Telephone Listing Agreement attached to this Agreement as Schedule “G”.

7.18 Patriot Act Compliance. Franchisee hereby covenants, warrants, represents, and certifies to Franchisor that neither Franchisee nor any of Franchisee’s directors, officers, shareholders, partners, members, employees, or agents, nor any of Franchisee’s affiliates, or their directors, officers, shareholders, partners, members, employees, or agents, nor any other direct or indirect interest holders of any of the foregoing: (i) are or have been listed on any Governmental Lists (as defined in Paragraph 7.18 (i) of this Agreement); (ii) are or have been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No.13224 (Sept. 23, 2001), or any other similar prohibitions contained in the rules and regulations of OFAC (as defined in Paragraph 7.18 (ii) of this Agreement) or in any enabling legislation or other Presidential Executive Orders in respect thereof; (iii) have been indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any offenses under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA Patriot Act”); (iv) are or have been under investigation by any Governmental Authority (as defined in Paragraph 7.21.3 of this Agreement) for alleged criminal activity; or (v) have or have had a reputation in the community for criminal or unethical behavior. As used in this Paragraph 7.18 of this Agreement, the following definitions apply:

(i) “Governmental Lists” means any of the following lists: (i) the “Specially Designated Nationals and Blocked Persons List” maintained by OFAC; (ii) any other list of terrorists, terrorist organizations, or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC; or (iii) any similar list maintained by the United States Department of State, the United States Department of Commerce, or any other Governmental Authority, or pursuant to any Executive Order of the President of the United States.

(ii) “OFAC” means the Office of Foreign Assets Control, United States Department of the Treasury, or any other office, agency, or department that succeeds to the duties of OFAC.

(iii) “Government Authority” means all federal, state, local, foreign, or other governmental or regulatory agencies, authorities (including self-regulating authorities), instrumentalities, commissions, boards, and bodies.

## **8. CONFIDENTIAL OPERATIONS MANUAL**

8.1 The Franchisee will conduct the Franchised Business under this Franchise Agreement in accordance with the Franchisor’s Confidential Operations Manual (“Manual”), which the Franchisee acknowledges having received, or been granted electronic access to, on loan from Franchisor for the Franchisee’s use during the term of this Franchise Agreement.

8.2 The Franchisee will at all times treat the Manual, any other manuals created or approved for use in the operation of the Franchised Business herein, and the information contained therein as confidential, proprietary information of Franchisor disclosed to the Franchisee under an agreement of confidentiality and shall use all reasonable efforts to maintain such information secret

and confidential. The Franchisee will not at any time, without the Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the Manual, or any part thereof, or any other operating instructions, standards or procedures disclosed to the Franchisee by the Franchisor. The Franchisee shall not allow any person who is an employee, agent, or representative of the Franchisee to duplicate or copy any such material and shall obligate such employees to abide by the terms of this provision and keep and maintain such information secret and confidential, and refrain from the use thereof in any other business or activity except that which is licensed herein.

8.3 The Manual shall at all times remain the sole property of the Franchisor. Franchisor may from time to time revise the content of the Manual without the consent of the Franchisee, and the Franchisee will observe and comply with the Manual in its amended form. The Franchisee will at all times ensure that its copy of the Manual is kept current and up to date. Additional or replacement portions of the Manual shall immediately upon receipt thereof be inserted in the Franchisee's copy of the Manual, and the replaced portions thereof shall immediately be destroyed. In the event of any dispute as to the contents of the Manual, the terms of the master copy thereof maintained by Franchisor at its home office shall be controlling. Should we offer an electronic version of the Manual, you will be responsible for regularly checking that version for periodic updates. In the event the Franchisee's copy of the Manual is damaged, lost or for other reason becomes out of date or unusable due to the negligence of the Franchisee, the Franchisee shall promptly acquire a new Manual from Franchisor and shall, upon such event, pay a Manual Replacement Fee in the amount of \$500.00.

## **9. PROPRIETARY MARKS**

9.1 The parties agree that this license to use the Marks applies only to their use in connection with the operation of the Franchised Business, and that all such business shall be conducted at the Center premises, and that the license includes only such Marks as are now or may hereafter be designated by Franchisor in writing for use with the System. No other Marks of Franchisor now existing or yet to be developed or acquired by Franchisor are included or will be included in this license.

9.2 Franchisor has the exclusive right to license the Marks and of the identification schemes, standards, specifications, operating procedures, and other concepts embodied in the System. Any unauthorized use of the System and the Marks is and shall be deemed an infringement of the Franchisor's rights and a breach of this Franchise Agreement. Except as expressly granted by this Franchise Agreement, the Franchisee acquires no right, title, or interest in the System or in the Marks. Any and all goodwill associated with the System, or the Marks shall inure exclusively to the Franchisor's ownership and benefit. Upon the expiration and termination of this Franchise Agreement, the Franchisee shall not be entitled to any compensation attributable to any goodwill associated with the Franchisee's use of the System or of the Marks.

9.3 The Franchisee shall promptly notify Franchisor of any attempt by any person or entity other than Franchisor or another of its licensees, to use the Marks or any variation thereof, or any other name, mark or symbol in which Franchisor claims a proprietary interest, or which is confusingly similar thereto. The Franchisee will notify Franchisor promptly of any litigation involving the Marks that is instituted by any person or firm against the Franchisee. Franchisor is not obligated to defend the Franchisee against the claims of any third party that the Franchisee's operation of the licensed business or the Franchisee's use of the Marks infringes any right of such third party, nor shall Franchisor be obligated to protect, indemnify, or hold harmless the Franchisee from the consequences of any such claim or litigation. Notwithstanding the lack of an obligation on the part of Franchisor to assume responsibility or control of any such litigation, the Franchisee shall,

immediately upon receiving notice thereof, tender such litigation to Franchisor to defend. Upon such tender, Franchisor will within ten (10) days of receipt thereof, notify the Franchisee of its election to defend and assume control of such litigation or to decline to defend or assume control of such litigation. In the event Franchisor elects to defend and control such litigation, Franchisor may, without the consent of the Franchisee, settle or compromise any such claims on such terms as the Franchisor, in its sole discretion may deem appropriate provided that any monetary settlement entered into without the consent of the Franchisee will be paid by the Franchisor. In the event Franchisor does not elect to defend and assume control of such litigation the Franchisee will not settle or otherwise compromise any such claim on any terms which are not first approved by the Franchisor.

9.4 The Franchisee shall not use the Marks or any part or form thereof as part of the Franchisee's corporate or other legal name, or hold out or otherwise employ the Marks to perform any activity, or to incur any obligation or indebtedness, in such a manner that could reasonably result in making Franchisor responsible or liable therefore. The Franchisee shall display at the Center premises a prominently visible sign stating that the Franchisee's business is independently owned by the Franchisee (stating the name of the Franchisee) and that the business is operated pursuant to a Franchise Agreement with the Franchisor.

9.5 In addition to all other obligations of the Franchisee with respect to the Marks licensed herein the Franchisee agrees:

(i) To refrain from using any of the Marks, or any part or form thereof, in conjunction with any other word or symbol without the Franchisor's prior written consent.

(ii) To feature and use the Marks solely in the manner prescribed by Franchisor and not use the Marks on the Internet except as approved in writing by Franchisor.

(iii) To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of the Franchisee as Franchisor may direct in writing from time to time.

(iv) To use, promote and offer for sale under the Marks only those products and services which meet the Franchisor's prescribed standards and specifications, as they may be revised and amended by Franchisor from time to time.

(v) To execute all documents requested by Franchisor or its counsel that are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability, and to take no action that would jeopardize the validity or enforceability of such marks. In the event the Franchisee fails to execute and deliver such documents within ten (10) days from receipt of the request for such execution, the Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to execute any and all such documents.

## 10. ADVERTISING AND MARKETING

10.1 Market Introduction Marketing Program. You must spend a minimum of Five Thousand (\$5,000.00) Dollars for local advertising, opening promotion for your Center. All advertisements proposed to be used in the Market Introduction campaign are subject to our review and approval in the manner set forth in this Article 10.

10.2 Local Marketing and Promotion of the Center. You must spend a minimum of One Thousand Five Hundred (\$1,500.00) Dollars per month on local marketing during the Term of this

Agreement. If you fail to spend the required amount for two (2) consecutive months, we have the right to deduct an appropriate amount of marketing funds from your designated bank account and to use it to place marketing for your Center in your Territory.

10.3 Brand Fund Fee. You are required to contribute the amount specified in Section 4.6 herein (the “Brand Fund Fee”) to our Brand Fund. This Fee is in addition to the Local Advertising Requirement. The Brand Fund Fee is due and is payable in the same manner as the monthly Royalty Fee. Franchisor and Affiliate owned AumBio Center Businesses will not be required to contribute to the Brand Fund in the same manner and in the same amounts as Franchised Businesses are required to contribute under this Agreement. Franchisor or Franchisor’s designee, which may be our affiliate, will maintain and administer the Brand Fund, as follows:

(i) Franchisor will direct all Brand Fund marketing programs with sole discretion over the creative concepts, materials, media placement, and allocation of funds.

(ii) Franchisee understands and agrees that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the AumBio System and that Franchisor and Franchisor’s designees have no obligation in administering the Brand Fund to make expenditures for Franchisee that are equivalent or proportionate to Franchisee’s contribution, or to ensure that any particular franchisee or geographic region benefits directly or pro rata from Brand Fund advertising or promotional activities.

(iii) The Brand Fund may be used to meet any and all costs of preparing, maintaining, and administering advertising and promotional programs, including without limitation: (i) the cost of preparing and conducting television, radio, magazine, newspaper, direct mail, Internet advertising campaigns, and other advertising and promotional activities; (ii) employing advertising and public relations agencies; (iii) providing promotional brochures, and other advertising and marketing tools and materials; (iv) the establishment of a customer call center; and (v) paying the reasonable compensation of Franchisor’s employees or other third parties providing services related to any activity relating to the Brand Fund. Franchisor will not use money from the Brand Fund to pay any of Franchisor’s general operating expenses except for reasonable administrative costs, out-of-pocket expenses, and overhead that relates to the administration or direction of the Brand Fund and advertising or promotional programs, including without limitation conducting market research, preparing marketing and advertising materials, collecting and accounting for assessments for the Brand Fund, and defending any claims against the Brand Fund. Franchisor does not have any obligation to Franchisee or any other contributor to the Brand Fund to take action to collect delinquent contributions from other contributors. The Brand Fund shall not be used to advertise the sale of franchises; however, advertising, and promotional materials, including Franchisor’s web site may contain information or designated pages that reference the availability of AumBio Center franchise opportunities.

(iv) Franchisor reserves the right to terminate the Brand Fund at any time, provided, however, no termination will be effective until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to their contributors in proportion to their contributions.

(v) Franchisor will prepare an accounting of the books of the Brand Fund annually and will provide you with a copy of such accounting upon Franchisee’s written request. Franchisor reserves the right, at Franchisor’s option, to require that such annual accounting be prepared by an independent certified public accountant selected by Franchisor and paid for by the Brand Fund.

(vi) Franchisee acknowledges and agrees that Franchisor will not be acting as and shall not be charged with being or construed to be, a trustee, fiduciary, agent, or in any other special capacity in relation to the Brand Fund, to Franchisee or to any other contributor to the Brand Fund.

**10.4 Internet/World Wide Web/Websites**. As used in this Agreement, the term “Website” means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. No advertising or promotion by Franchisee shall be conducted on or through the Internet/world wide web or other electronic transmission via computer without express prior written approval by Franchisor, including all social media sites. Franchisee shall monitor and control its employees, so they make no social media postings using the Marks without obtaining Franchisor’s prior written approval. In connection with any Website, you agree to the following:

(i) We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the System and any or all of the products offered at Centers. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

(ii) We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or the Center, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance, and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

(iii) You shall not establish a separate Website related to the Proprietary Marks or the System without our prior written approval (which we shall not be obligated to provide). If approved to establish such a Website, you shall comply with our policies, standards, and specifications with respect to the creation, maintenance, and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed “advertising” under this Agreement and will be subject to (among other things) our approval under this Article 9.

(iv) We shall have the right to modify the provisions of this Section 10.4 relating to Websites as we shall solely determine is necessary or appropriate.

(v) You understand and agree that you may not promote your Center or use any Proprietary Mark in any manner on social and/or networking Websites, including, but not limited to, Facebook, LinkedIn, Instagram and Twitter, without our prior written consent.

(vi) Franchisee acknowledges that Franchisor is the lawful, rightful, and sole owner of the Internet domain name [www.AumBiocenter.com](http://www.AumBiocenter.com) and other Internet domain names registered by Franchisor, and unconditionally disclaims any ownership interest in those or any similar Internet domain name. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor’s affiliates or any abbreviation, acronym, phonetic variation, or visual variation of those words.

**10.5 Franchisor's Control Over Advertising Materials.** Franchisee must use only advertising and marketing materials that Franchisor has provided to Franchisee or that Franchisor has approved in advance. In the event Franchisee desires to use advertising and marketing materials that Franchisor has provided to Franchisee; Franchisee must submit to Franchisor a description of the media in which Franchisee proposes to use them for Franchisor's consent prior to such use. Franchisor will have ten (10) days in which to approve or disapprove the use of such materials in the media proposed. If Franchisor does not approve the use of such materials within ten (10) days after Franchisor receives them from Franchisee, they will be deemed not approved. In the event Franchisee desires to use advertising and marketing materials that Franchisor has not provided, Franchisee must submit such advertising and promotional materials, together with a description of the media in which Franchisee proposes to use them, to Franchisor for Franchisor's review prior to such use. Franchisor will have ten (10) days in which to approve or disapprove such materials and their use in the media proposed. If Franchisor does not approve the use of such materials or media within ten (10) days after we receive them from you, they will be deemed not approved. All advertising must prominently display the Licensed Marks and must comply with any standards for use of the Licensed Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense. Franchisee acknowledges and agrees that all advertising materials provided by Franchisor on behalf of the System are protected by copyright and are Franchisor's exclusive property.

## **11. MODIFICATIONS.**

**11.1 Modifications to the System.** Franchisee agrees that Franchisor may modify all or any part of the System to adapt to changes in the marketplace, economic conditions, business conditions, the law, the demands of consumers, Franchisor's business needs, and the needs of the System. Franchisee further agrees that such modifications may include additions to, deletions from, or modifications to the products and services Franchisee offers for sale or delivers through the Center; modifications to any or all of the rules, guidelines, standards, specifications, plans, programs, methods, techniques, and procedures related to the Center; and additions, deletions, from, and modifications of the Marks. Franchisee agrees that it expects Franchisor to change the System and warrants, covenants, and agrees to comply with all rules, guidelines, standards, specifications, plans, programs, methods, techniques, procedures and Confidential Operations Manual, related to the System, as we add to, delete from, and modify any or all of them from time to time, and with this Agreement. Franchisor agrees that such additions to, deletions from, and modifications of such rules, guidelines, standards, specifications, plans, programs, methods, techniques, procedures, and Confidential Operations Manual, will not materially and unreasonably increase Franchisee's obligations set forth in this Agreement. Franchisor reserves the right to change or modify the Licensed Marks. Franchisor may adopt and use new or modified trade names, trademarks, service marks, logos, equipment, software, products, techniques, or concepts. Franchisor may add new and different services and products and withdraw services or products or change their names or image; redesign the trade dress, software programs and equipment or fixture standards; or discontinue them as Franchisor considers appropriate. Franchisee must accept and use the changes as if they were part of this Agreement. If changes are related to the Licensed Marks, then Franchisee will have one hundred twenty (120) days from the date of notice to implement any such changes under this Section

**11.2 Test Marketing.** If Franchisor permits Franchisee to participate in any new service or product concept test, Franchisee agrees to do so in compliance with Franchisor's standards and requirements.

## 12. ACCOUNTING AND RECORDS

12.1 Reports. In addition to the reports otherwise required herein, you shall comply with the following reporting obligations:

(i) You shall, at your expense, submit to us, in the form prescribed by us, a profit and loss statement for each month (which may be unaudited) for you within fifteen (15) days after the end of each month during the term hereof;

(ii) You shall invite Franchisor and/or its designated accountant to view only access of your online accounting system and shall assist in permitting third party applications to integrate with your accounting systems (including bookkeeping, payroll, cash register and point of sale) for the intended purpose of gathering and comparing location data.

(iii) You shall, at your expense, provide to us a complete annual financial statement for you prepared by a certified public accountant who is not an owner, immediate family member or employee of the Franchisee, within ninety (90) days after the end of each fiscal year during the term hereof, showing the results of operations of you during such fiscal year; we reserve the right to require such financial statements to be reviewed or audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of payments due to us of two percent (2%) or more in any report, pursuant to Section 12.2; and

(iv) You shall also submit to us, for review or auditing, such other forms, reports, records, information, and data as we may reasonably designate, and which pertain to the Center, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

### 12.2 Inspections; Audits.

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Center. You shall make such books and records available to us or our designee immediately upon request. If any required royalty or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.8. If an inspection discloses an understatement in any report of two (2%) percent or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies we may have at law or in equity.

### 12.3 Correction of Errors.

You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any Electronic Payment) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

#### 12.4 Authorization of Us.

You hereby authorize (and agree to execute any other documents deemed necessary to affect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Center. You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

#### 12.5 We are Attorney-in-Fact.

You hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

### 13. INSURANCE

13.1 You shall procure from our designated vendor, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Center.

13.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, the following:

(i) General and professional liability in the amount of One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) aggregate limit.

(ii) "All Risks" coverage for the full cost of replacement of the Center premises and all other property in which Franchisor may have an interest with no coinsurance clause for the premises.

(iii) Business Interruption insurance in a sufficient amount to cover profit margins, maintenance of competent and desirable personnel and fixed expenses for a period of at least ninety (90) days.

(iv) Worker's compensation insurance in amounts provided by applicable law (but not less than Five Hundred Thousand Dollars (\$500,000) per occurrence) or, if permissible under applicable law, a legally appropriate alternative providing substantially similar compensation for injured workers reasonably satisfactory to us.

(v) Cyber-liability insurance in the amount of One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) aggregate limit.

(vi) Employment practices insurance in the amount of One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) aggregate limit.

(vii) Such other insurance as may be required by the state or locality in which the Center is located and operated or as may be required by the terms of the lease for the Center.

(viii) You may, with our prior written consent, which consent may be withheld or denied, elect to have reasonable deductibles in connection with the coverages required herein. Such policies shall also include a waiver of subrogation in favor of us, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees.

(ix) In connection with any construction, renovation, refurbishment, or remodeling of the Center, you shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a responsible, duly licensed carrier or carriers, reasonably satisfactory to us.

(x) Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article 22 of this Agreement.

(xi) All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

(xii) Not later than thirty (30) days before the Center initially opens for business, and thereafter thirty (30) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

13.3 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

13.4 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

13.5 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Center, and you agree to comply with any such changes, at your expense.

## **14. DEBTS AND TAXES**

### **14.1 Taxes.**

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. You shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest, and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state, and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term “Taxes” means any present or future taxes, levies, imposts, duties, or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement.

### **14.2 Payments to Us.**

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.

### **14.3 Tax Disputes.**

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Center or any improvements thereon.

### **14.5 Notification of Action or Proceeding.**

You shall notify and deliver to us, in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

## **15. ASSIGNMENT**

15.1 Assignment by Franchisor. This Agreement may be unilaterally assigned by Franchisor and shall inure to the benefit of its successors and assigns. Franchisee agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the System to a third-party; may go public, may engage in private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing,

recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or centers as AumBio Centers operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to any of its Centers. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the Center business or to offer or sell any products or services to Franchisee.

**15.2 Assignment by Franchisee.** Franchisee shall not subfranchise, sell, assign, transfer, merge, convey or encumber (each, a "Transfer"), the Center, the Franchised Site, this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of the Center, the Franchised Site, this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior express written consent of Franchisor. In addition, if Franchisee is a corporation, limited liability company, partnership, business trust, or similar association or entity, the shareholders, members, partners, beneficiaries, investors, or other equity holders, as the case may be, may not Transfer their equity interests in such corporation, limited liability company, partnership, business trust, or similar association or entity, or issue additional equity in the entity without the prior written consent of Franchisor. Furthermore, in the event that any shareholder, member, partner, investor, or other equity holder of Franchisee (the "Equity Holder") is a corporation, limited liability company, partnership, business trust, or similar association or entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Equity Holder, may not be Transferred, without the prior written consent of Franchisor. Franchisor will not unreasonably withhold consent to a Transfer provided the requirements of Section 15.4 have been satisfied. Any Transfer in violation of this Section shall be void and of no force and effect. In the event Franchisee or an Equity Holder is a corporation, limited liability company, partnership, business trust, or similar association or entity with certificated equity interests, all stock or equity certificates of Franchisee or Equity Holder, as the case may be, shall have conspicuously endorsed upon them a legend in substantially the following form:

"A transfer of this stock is subject to the terms and conditions of,  
AUMBIO FRANCHISING, LLC FRANCHISE AGREEMENT  
dated the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_"

**15.3 Death or Disability of Franchisee.** Upon Franchisee's death or Disability (as such term is hereinafter defined), this Agreement or the ownership interest of any deceased or disabled shareholder, partner, member or other equity holder of the Franchisee or an Equity Holder must be transferred to a party approved by Franchisor. Any Transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for Transfers set forth in Section 15.4. Franchisor shall not unreasonably withhold its consent to the Transfer of this Agreement or any ownership interest to the deceased or disabled Franchisee's or Equity Holder's spouse, heirs, or members of his or her immediate family, provided all requirements of Section 15.4 have been complied with (except payment of the transfer fee, which shall not apply to such Transfers). A "Disability" shall have occurred with respect to Franchisee if Franchisee, or, if Franchisee is a corporation, partnership or limited

liability company, its controlling shareholder, partner, member, or other equity holder, is unable to actively participate in its activities as Franchisee hereunder for any reason for a continuous period of six months. As used in this Section 15.3, "Franchisee" may include a disabled or deceased controlling shareholder, partner, or member where the context so requires.

**15.4 Approval of Assignment.** Franchisor's approval of any Transfer is, in all cases, contingent upon the following:

(i) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Franchisor, being willing to comply with Franchisor's training requirements and being willing to enter into an agreement in writing to assume and perform all of Franchisee's duties and obligations hereunder and/or enter into a new Franchise Agreement, if so requested by Franchisor, and agreeing to enter into any and all agreements with Franchisor that are being required of all new franchisees, including a guaranty agreement, or any other agreement which may require payment of different or increased fees from those paid under this Agreement;

(ii) the terms and conditions of the proposed transfer (including, without limitation, the purchase price) being satisfactory to Franchisor;

(iii) all monetary obligations (whether hereunder or not) of Franchisee to Franchisor or Franchisor's affiliates, subsidiaries, or suppliers being paid in full;

(iv) Franchisee not being in default hereunder or any other agreement between Franchisee and Franchisor;

(v) Franchisee and its owners executing a general release of any and all claims against Franchisor and its affiliates, subsidiaries, members, managers, officers, directors, employees, and agents, in a form satisfactory to Franchisor;

(vi) the proposed transferee shall not be engaged in a competitive business;

(vii) Franchisee paying to Franchisor a transfer fee equal to one-half of the then current Franchise Fee plus reimbursement for all legal, training, and other expenses incurred by Franchisor in connection with the Transfer;

(viii) at Franchisor's request, the proposed transferee or assignee refurbishes the Center in the manner and subject to the provisions described in Section 2.2(v) hereof.

**15.5 Removal of General Partner.** If Franchisee is a limited partnership, Franchisee may not remove or appoint, or permit the limited partners to remove or appoint, a new or successor general partner without the prior written consent of Franchisor (even if such appointment is due to the resignation, death, or disability of the General Partner).

## **16. DEFAULT AND TERMINATION**

**16.1. Termination by You.** If you are in compliance with this Agreement, you have the right to terminate this Agreement after sixty (60) days' notice to us to cure such default and our failure to cure the default within such time, on notice of such termination to us, except that if such cure requires a longer time to complete, you shall not have the right to terminate this Agreement

provided we have commenced to cure the default within the sixty (60) day period following such notice and we diligently continue to prosecute such cure until it is fully effected.

**16.2 Termination by Us: No Opportunity to Cure.** You will be in material breach of this Agreement, and we will have the right to terminate this Agreement without affording you any opportunity to cure the default effective on delivery of notice of termination to you:

(i) If you misrepresent any material fact in any information you furnish to us related to our decision to enter into this Agreement.

(ii) If you knowingly maintain false books or records, conceal revenues from us, or submit any material, false statement in any report we require, or in any income tax return required by applicable Law.

(iii) If you fail to submit to us any report we require, and you do not correct such failure within five (5) days after notice from us.

(iv) If you fail to pay to us or any affiliate of ours any monies you are obligated to pay us or such affiliate, and you do not correct such failure within five (5) days after notice from us or such affiliate.

(v) If you have understated your Gross Revenues by three percent (2%) or more on any report we require, or on any federal, state, or local income tax return you are required to file.

(vi) If you deny us or any of our authorized representatives' access, after our providing three (3) days written notice to you, during normal business hours or any other hours that your Center is required to be or is in fact open for business, to all premises of your Center.

(vii) If you receive two (2) or more failing scores on any quality inspection we conduct within any twelve (12) consecutive month period.

(viii) If you misuse, or use in an unauthorized manner, the Marks, any of Franchisor's trade names, or copyrighted materials, or materially impair the goodwill associated therewith or the Franchisor's rights therein.

(ix) If you copy or permit others to copy any portion of the Confidential Operations Manual, except for items included in them for the express purpose of copying or fail to take all necessary precautions to ensure that the Confidential Operations Manuals are kept free from theft, unauthorized copying, or other acts that may jeopardize the confidentiality of the Manual.

(x) If Franchisee is convicted or pleads guilty or 'nolo contendere' to a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is injurious to the System(s), the Marks or the goodwill associated therewith, or if Franchisor has proof that the Franchisee has committed such a felony, crime, or offense.

(xi) If you fail to open for business for a period of (5) consecutive days.

(xii) If you commit fraud related to the Center or engage in conduct that materially impairs the goodwill related to your Center or the System.

(xiii) If you or any of your shareholders or on-site Managers are convicted of or pleads no contest to a felony, or a crime involving fraud or moral turpitude or engages in other conduct that is reasonably likely to reflect materially and unfavorably on the goodwill or reputation of your Center, the Marks, or the System.

(xiv) If you: (i) become insolvent, by reason of an inability to pay debts as they come due; (ii) are adjudicated bankrupt; (iii) file a petition for bankruptcy protection; (iv) are the debtor in an involuntary bankruptcy petition that is not dismissed within sixty (60) days; (v) are the debtor in an assignment for the benefit of creditors that is not dismissed within sixty (60) days; (vi) are the subject of a voluntary or involuntary petition for reorganization or similar proceeding that is not dismissed within sixty (60) days; (vii) are the subject of a petition for appointment of a receiver, permanent or temporary, that is not dismissed within sixty (60) days; (viii) are the judgment debtor in any final judgment in the amount of \$100,000 or more and such judgment remains unsatisfied of record for more than sixty (60) days; (ix) have your bank accounts, property, or receivables attached and such attachment proceedings are not dismissed within, sixty (60) days; (x) have an execution levied against your business or property and such execution is not dismissed within sixty (60) days; or (xi) are the subject of any suit to foreclose any lien or mortgage related to your Franchised Business, and such suit is not dismissed within sixty (60) days.

(xv) If we deliver two (2) or more notices of default to you within any twelve (12) consecutive month period, regardless of whether you cured such defaults, and regardless of whether such notices are for the same or different defaults.

(xvi) **If Franchisee or its employees makes any representations to its customers directly or by inference, that it is rendering medical services or making a diagnosis or providing treatment for any medical condition.**

16.3 Termination by Us: Opportunity to Cure. You will be in material breach of this Agreement, and we will have the right to terminate this Agreement after ten (10) days' written notice to you to cure the default and your failure to cure such default within such time, without further notice or opportunity to cure:

(i) If you: (a) default under any lease or sublease of your Center; or (b) lose the right to possession of such location for any reason unless such loss of possession is the result of governmental exercise of eminent domain.

(ii) If you or your owners are unable to complete the Initial Training Program to our satisfaction.

(iii) If you fail to open your Center within one hundred twenty (120) days of the execution of this Agreement.

(iv) If you fail to comply with the provisions of Section 7.6 (ix).

(v) If you breach or fail to perform any covenant, warranty, agreement, promise, term, provision, or obligation of yours contained in this Agreement, where such breach or failure is not specifically set forth in Paragraph 16.2 of this Agreement. In the event of your default and until the default has been cured, Franchisor and all affiliates have the right to suspend the provision of all services and products to you.

16.4 Cross Default. Any default under or breach by you of any other agreement to which you and us or any of our affiliates are parties, will be deemed a default under this Agreement.

16.5 Our Right to Cure Your Defaults. We may, without prejudice to any other right or remedy contained in this Agreement or provided by law or equity, act to cure any default of yours by performing any functions we deem necessary to cure the default. All such actions will be at your sole cost and expense, and you will reimburse us for all costs and expenses we incur related to such cure. We will have no obligation to cure such defaults, and any attempt by us to cure such defaults will not limit our right to seek any other remedies to which we may be entitled.

16.6 Our Right to Withhold Services and Products. In the event of your default and continuing until the default has been cured, Franchisor and its Affiliates have the right to suspend the provision of support or services to you.

16.7 Notice Required by Law. If the law of any state which may control this Agreement limits our rights of termination under this Agreement or requires longer notice or cure periods than those set forth herein, this Agreement will be deemed amended to conform to the minimum notice, cure periods, or restrictions on termination required by such Laws; provided, however, we will not be precluded from contesting the validity, enforceability, or application of such laws or regulations to this Agreement or the termination, expiration, or non-renewal of this Agreement.

## 17. OBLIGATIONS UPON TERMINATION OR EXPIRATION

17.1 Upon termination or expiration of this Franchise Agreement, the Franchisee shall immediately cease to operate the Center, and shall not thereafter, directly, or indirectly, represent to the public or hold itself out as a present or former Franchisee of the Franchisor.

17.2 Upon termination or expiration of this Franchise Agreement, the Franchisee shall immediately cease to use, by advertising or any other manner whatsoever, the name AUMBIO or any other Marks of Franchisor or any mark or name similar thereto, or any aspect of the trade dress of the franchise System. Upon expiration or termination of this Franchise Agreement the Franchisee shall cease using any methods, procedures, techniques, systems or other material of any kind or nature whatsoever which at the time of the termination or expiration of this Franchise Agreement is a trade secret of the Franchisor.

17.3 Upon expiration or termination of this Franchise Agreement, the Franchisee shall immediately surrender to Franchisor all customer lists, manuals, records, files, instructions, correspondence and any and all other materials relating to the operation of the Center in the Franchisee's possession or control, and all copies thereof, all of which are hereby acknowledged by the Franchisee to be the Franchisor's property, and shall retain no copy or record of the foregoing, accepting only the Franchisee's copy of this Franchise Agreement and of any correspondence between the parties, and any other documents which the Franchisee reasonably needs to comply with any provision of law. Upon the termination or expiration of this Franchise Agreement the Franchisee shall not remove from the Center premises any inventory or equipment which is the subject of any security interest of Franchisor or of any other party. Upon the expiration or termination of this Franchise Agreement, the Franchisee shall not remove from the Center premises any inventory or equipment so long as there remains obligations of the Franchisee to the Franchisor. In such event, the Franchisee will, upon the expiration or termination of this Franchise Agreement, present to Franchisor a statement of inventory and equipment including the value thereof. Such inventory and equipment shall, to the extent that it does not infringe upon the security rights of others, be credited

to the obligations of the Franchisee to the Franchisor. If the unencumbered inventory and equipment exceeds the amount owed by the Franchisee to Franchisor on the date of expiration or termination, Franchisor may select that inventory and equipment which it wishes to apply to the outstanding debt of the Franchisee to Franchisor and return the balance of unencumbered inventory and equipment to the Franchisee. Upon expiration or termination of this Agreement, the Franchisee shall forthwith surrender possession of the Center premises to Franchisor which may, but shall not be obligated to, assume possession, occupancy, and control thereof. The assumption of possession, occupancy, or control of the premises by Franchisor shall not relieve the Franchisee of any obligations which may have accrued to the date of assumption of control by the Franchisor, but which have been unpaid by the Franchisee. All such obligations shall remain the obligations of the Franchisee. If Franchisor elects not to assume possession or control of the Center premises the Franchisee shall at the Franchisee's expense, make such modifications or alterations thereto immediately upon termination or expiration of this Franchise Agreement as Franchisor may demand to prevent the operation of any business therein by the Franchisee being confused with or thought of by the public as a business affiliated with Franchisor for any purpose.

17.4 The Franchisee hereby irrevocably appoints Franchisor as the agent and attorney-in-fact of the Franchisee effective immediately upon the termination or expiration of this Agreement to perfect the transfer and assignment to Franchisor of each telephone number and telephone directory listing then or theretofore used in connection with the operation of the franchised business. Franchisee shall execute the Telephone Listings Agreement attached hereto as Schedule "G". The transfer of telephone numbers and telephone directory listing to Franchisor shall not relieve the Franchisee of any obligation with respect thereto which arose or accrued prior to the date of such transfer. Franchisor shall not be obligated to assume any such prior obligation as a condition of the transfer of telephone numbers or of directory listings.

17.5 Immediately upon termination or expiration of this Franchise Agreement, the Franchisee shall pay all sums owing to Franchisor or affiliates and to suppliers and vendors, including the outstanding principal amounts and accrued interest on any notes or evidence of indebtedness of the Franchisee payable to the order of the Franchisor. The payment to Franchisor of all principal amounts owing shall be accelerated on all debt items including debt items which theretofore had been the subject of payment schedules, even if payment was then being made promptly according to the agreed schedule. All debts of the Franchisee to the Franchisor, regardless of kind, amount, or method of payment agreed upon shall accelerate and be due and payable in full upon the expiration or termination of this Franchise Agreement. The Franchisee hereby grants to Franchisor a lien and security interest against any and all personal property, equipment and fixtures owned by the Franchisee and used in connection with the Center as security for the payment of all such obligations.

17.6 Upon the expiration or termination of this Franchise Agreement, if the Franchisee shall fail or refuse to perform any obligation of the Franchisee incident to termination or expiration hereof and Franchisor shall be put to enforcing such obligations, the Franchisee shall pay all damages, costs, interest, and expense of suit, including actual attorney fees and expenses related to prosecution of collection. Any security interest granted to Franchisor by the Franchisee herein shall remain in full force and effect until all such obligations are fully paid including the cost of enforcement thereof.

17.7 Upon the expiration or termination of this Franchise Agreement, Franchisor shall have, in addition to any other rights or remedies available to it, the right (but not the obligation), without liability for trespass, tort, criminal act, or otherwise, to:

- (i) Enter and inspect and take control of the Center premises in which the

business licensed under this Franchise Agreement was or is being operated.

(ii) Remove from the Center premises all articles, equipment, supplies and other materials of any kind or nature whatsoever bearing the proprietary marks of Franchisor or which are to be removed to prevent the Premises from appearing thereafter to be a business premises affiliated with Franchisor or the System. The cost of all such removal and modification shall be borne by the Franchisee.

(iii) Upon the expiration or termination of this Franchise Agreement, the Franchisee shall immediately begin compliance with the post-term covenants contained in Article 18.

(iv) The Franchisee acknowledges and agrees that any failure to comply with the requirements of this Article 17 will cause Franchisor irreparable injury, and the Franchisee hereby consents to the entry of an ex parte order by any court of competent jurisdiction for injunctive or other legal or equitable relief including an order authorizing the Franchisor, its designee or agents, to enter the Center premises and to take such action as may be necessary or appropriate to protect the Franchisor's rights hereunder.

(v) Immediately upon the expiration or termination of this Franchise Agreement, the Franchisee shall cancel all assumed names, corporate names, business names or styles, or other registrations using any name, style, symbol, or mark included within the Marks or similar thereto which are owned, or which have been taken out or filed by the Franchisee. The Franchisee hereby irrevocably appoints the Company as its agent and attorney-in-fact to obtain all such cancellations.

**17.8 Liquidated Damages.** Upon Franchisor's termination of this Agreement in accordance with its terms, Franchisee shall pay to Franchisor within 30 days of the date of the termination, as liquidated damages for the premature termination of this Agreement and not as a penalty, an amount equal to 24 times the continuing royalty fees payable to Franchisor in respect to the last 12 months of the Franchised Business' active operations or the entire period the Franchised Business has been open for business, whichever is the shorter period. If the business was not open for continuous operation for a period of 12 months prior to the termination of the Franchise Agreement, Franchisor will use the geographically closest location with 12 months of data to calculate liquidated damages. Franchisee acknowledges and agrees that such liquidated damages are a reasonable approximation of the damages Franchisor will incur resulting from the premature termination of the Franchise Agreement as a result of breach by Franchisee, are appropriate because actual damages incurred by Franchisor will be difficult or impossible to ascertain, are not a penalty, and shall not affect Franchisor's right to, and are not in lieu of, any other payment or remedy, damages, or relief to Franchisor.

## **18. COVENANTS**

**18.1** “Confidential Information” means Franchisor’s proprietary and confidential information relating to the development and operation of Centers, including: (a) information systems and software programs prescribed for use in Centers; (b) identity of suppliers and knowledge of brand standards for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; (c) Methods of training and management relating to Centers; Brand standards, the Manual, any other proprietary materials and knowledge, know-how or experience used or obtained in developing and operating Centers; (d) sales, marketing and advertising programs and techniques for

Stores; (e) knowledge of operating results and financial performance of Centers, other than Franchisee's Centers; (f) franchisee and employee recruiting, interviewing, orientation, training and evaluation policies and procedures; (g) Franchisor's initial and subsequent training programs; (h) Site selection criteria, general contractor and architect criteria and trade dress for Centers, and plans and specification for the development of Centers; (i) patient information and other information (including earnings information) regarding Franchisor's personnel and patients and those of other franchisees and licensees of Franchisor; (j) Franchisee recruiting methods and procedures, and selection criteria; (k) business performance measurement systems; (l) and all other information that Franchisor provides Franchisee and designates proprietary or confidential, including information provided to Franchisee through the Intranet or the Manual.

18.2 "Trade Secret" means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Without limiting the definition of Trade Secrets, all the following shall be conclusively presumed to be Trade Secrets whether or not we designate them as such: (i) our advertising and marketing strategies; and (ii) our marketing analyses.

18.3 The terms "Confidential Information" and "Trade Secret" do not include, regardless of the means of disclosure: (i) information generally known to the trade or the public at the time we disclose it to you; (ii) information that becomes known to the trade or the public after we disclose it to you, unless it becomes known due to your breach of this Agreement; or (iii) information you can prove was known to you at the time we disclosed it to you.

18.4 Protection of Confidential Information and Trade Secrets. Franchisee acknowledges and agree that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade; that they are beyond your present skill and experience; and that for Franchisee to develop such Confidential Information and Trade Secrets on its own would be expensive, time-consuming, and difficult. Franchisee further acknowledges and agrees that the Confidential Information and Trade Secrets provide you with a competitive advantage, that they will be economically valuable to you in the development of your Franchised Business, and that gaining access to such Confidential Information and Trade Secrets is therefore a primary reason why you are entering into this Agreement. Accordingly, in consideration of our disclosure of the Confidential Information and Trade Secrets, Franchisee covenant, warrant, and agree that:

(i) Franchisee will not, during the Term of this Agreement: (i) appropriate or use any Confidential Information or Trade Secret for any purpose other than the operation of your Franchised Business under the System; (ii) disclose or reveal any portion of the Confidential Information or Trade Secrets to any person, other than to your directors, officers, Principal Owners, management employees, or others who have a legitimate business need to know of them in order to operate your Franchised Business; or (iii) divulge or use any Confidential Information or Trade Secrets for the benefit of any other person or entity except as we expressly authorize.

(ii) Franchisee will not, for two (2) years after the termination or expiration of this Agreement for any reason: (i) appropriate or use any Confidential Information for any purpose; or (ii) divulge or use any Confidential Information for the benefit of any other person or entity.

(iii) Franchisee will not, at any time after the termination or expiration of this Agreement for any reason: (i) appropriate or use any Trade Secret for any purpose or (ii) divulge or use any Trade Secret for the benefit of any other person or entity.

(iv) Franchisee will not copy, duplicate record, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part; store such Confidential Information or Trade Secrets in a computer retrieval or database; or otherwise make such Confidential Information or Trade Secrets available to any third party, except as we authorize in this Agreement.

(v) You will make all reasonable efforts and take all reasonable precautions required to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets; which precautions will include, but will not be limited to, restricting access to the Confidential Information and Trade Secrets on a “need to know” basis.

#### 18.5 Restrictive Covenants.

(i) In-Term Covenant. Franchisee and the Guarantor (in consideration of Franchisor entering into this Agreement), jointly and severally, covenant and agree that, beginning on the Commencement Date, and during the Initial Term and any renewal period thereof, each of Franchisee, any stockholder of Franchisee if Franchisee is a corporation, any member if Franchisee is a limited liability company, any partner of Franchisee if Franchisee is a partnership, the Guarantor, and any of their respective spouses and children, shall not either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, stockholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guaranty the debts or obligations of or permit their names or any part thereof to be used or employed in any business operating or franchising (i) that offers for sale, sells, or delivers Bio Resonance therapy for care and other therapies as are offered by AumBio Centers, as such services are modified from time to time, or any product or service confusingly similar thereto (a “Competitive Business”), other than the Franchised Business or another business you or they operate pursuant to an agreement with us, without our prior written consent, except that any such person may purchase or hold less than five percent (5%) of the shares of any publicly-traded business engaged in a Competitive Business; (ii) act as a director, officer, partner, member, employee, independent contractor, consultant, principal, agent, or proprietor, or participate or assist in the establishment or operation of, directly or indirectly, any business engaged in a Competitive Business; or (iii) divert or attempt to divert any business from the Center or us.

(ii) Post-Termination Covenant. In the event of a transfer, or the expiration or termination of this agreement for any reason whatsoever, Franchisee and any Guarantor (in consideration of Franchisor entering into this agreement) jointly and severally covenant and agree that each of Franchisee, any stockholder of Franchisee if Franchisee is a corporation, any member if Franchisee is a limited liability company, any partner of Franchisee if Franchisee is a partnership, the Guarantor, and any of their respective spouses and children, shall not, at any time during the period of two (2) years from the date of such Transfer, expiration or termination, either individually or in partnership or “jointly or in conjunction with any person or persons, firm, association, syndicate, company or syndication as principal, agent, stockholder or in any other manner whatsoever carry on, be engaged in or be concerned with or interested in or advise, lend money to, guaranty the debts or obligations of or permit its name or any part thereof to be used or employed in any Competing Business, or franchising Competing Businesses, at the Franchised Business, within the Territory, or within 50 miles of the perimeter of the Territory.

(iii) Non-Solicitation Covenant. During the term of this Agreement and for a continuous period of two (2) years following the termination or expiration of this Agreement, Franchisee shall not on its own behalf or on behalf of any other person or entity, solicit any client of

Franchisee's former franchised business for the purpose of providing services similar to those provided by AumBio franchised businesses.

(iv) In the event of any arbitration or litigation related to this Paragraph 18.5 of this Agreement you, hereby direct any third party construing this Agreement, including without limitation any court, arbitrator, mediator, jury, or other party acting as a trier of fact or law:

(v) To conclusively presume that the restrictions set forth in this Paragraph 18.5 are reasonable and necessary in order to protect: (i) our legitimate interests, including our other Franchisees and the integrity of the System; (ii) the confidentiality of our Confidential Information and Trade Secrets; (iii) our investment in the System; and (iv) the goodwill associated with the System.

(vi) To conclusively presume that this Paragraph 18.5 was made freely and voluntarily by and between you and us, as two independent businesses, to whom we delivered good and adequate consideration, in an arms-length commercial transaction between skilled and experienced business operators.

(vii) To conclusively presume that the restrictions set forth in this Paragraph 18.5 will not prevent you from earning a livelihood, whether during the Term of this Agreement or in the event of the termination or expiration of this Agreement.

(viii) To construe this Paragraph 18.5 of this Agreement under laws governing distribution contracts between commercial entities in an arms-length business transaction and not under laws governing contracts of employment.

18.6 Non-Disparagement. Franchisee and any person or entity controlling, controlled by, or under common control with Franchisee, expressly covenant and agree that during the term of this Agreement and continuing thereafter, not to make any false representation of facts, or to defame, disparage, discredit, or deprecate Franchisor or any of Franchisor's owners, members, officers, employees or agents, or otherwise communicate with any person or entity (including any other franchisee of Franchisor) in a manner intending to damage any of them, their business, or their reputation.

18.7 Remedies. This Article 18 is and has been a primary inducement of Franchisor to enter into this Agreement, and in the event of any breach of this Section 18 Franchisee and any Guarantors acknowledge and agree that Franchisor would be irreparably injured and without adequate remedy at law. Therefore, in the event of a breach or a threatened or attempted breach of any provision of this Article 18, Franchisee and any Guarantor agrees that Franchisor is entitled, in addition to any other remedies we may have under this Agreement or at law or in equity, including the right to terminate this Agreement, to a temporary order and/or preliminary and permanent injunction and a decree for specific performance of the terms of this Article 18 without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security.

#### 18.8 Construction, Modification, Choice of Law.

(i) In the event that this Article 18 of this Agreement is construed by a court, arbitrator, or other party acting as a trier of fact or law, you hereby direct such court, arbitrator, or other party to strictly construe all provisions contained in this Section 18 in favor of enforcement.

(ii) In the event that the covenants in this Article 18 of this Agreement is found to be invalid or unenforceable for any reason, you hereby direct such court, arbitrator, or other party to modify such provision to the minimum extent necessary to make it valid and enforceable, and you agree that such modification shall be deemed to have been a part of this Agreement as of the date of execution of this Agreement.

18.9 Covenants of Principals of Franchisee Entity. If you are a corporation, partnership, limited liability company, or other business entity, you will, simultaneously with your execution of this Agreement, cause all owners of equity in the Franchisee entity, and any persons who will serve as Managers of your Center, including all replacement Managers, to execute the Covenants attached to this Agreement as Schedule "E". All transferees must execute the Covenants as a condition to transfer or assignment of this Agreement.

## 19. DISPUTE RESOLUTION

19.1 Mediation. Before any party may bring an action in court or against the other or commence an arbitration proceeding (except as noted below), the Parties must first meet to mediate the dispute. A complaining party must submit all claims to mediation within 30 days after providing notice of the claim to the other party. The mediation shall take place in the city in Chicago, Illinois. Each party shall identify an officer with decision-making authority who shall attend the mediation. Any such mediation will be non-binding and conducted by the Judicial Arbitration and Mediation Service ("JAMS"). The parties shall equally share the costs of the mediation. Notwithstanding the foregoing, the Parties agree that the following claims will not be subject to mediation: (1) any action for declaratory or equitable relief, including, without limitation, actions seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any mediation or arbitration proceedings initiated under this Agreement, and (2) any action in ejectment or for possession of any interest in real or personal property.

19.2 Arbitration. If not resolved by mediation and except as qualified below, any dispute between Franchisee and Franchisor or any of their respective affiliates, officers, directors, employees, agent, shareholders, partners, members, or owners, arising under, out of, in connection with or in relation to this Agreement, the Parties' relationship or the Franchised Business shall be submitted binding arbitration and must be determined by arbitration administered by the JAMS. The arbitration shall take place in Chicago, Illinois. The arbiter must follow the law and not disregard the terms of this Agreement. Any arbitration must be on an individual basis and the Parties and arbiter shall have no authority or power to proceed as a class action or other proceeding involving third parties. In the event that a court determines this limitation on joinder of or class action is unenforceable, then this entire commitment to arbitrate will become null and void and the Parties must submit all claims to the jurisdiction of the Courts.

A judgment may be entered upon the arbitration award by any state or federal court in the state where Franchisor maintains its headquarters or the state where Franchisee's Franchised Business is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any award pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by Franchisor.

Notwithstanding the foregoing, the Parties agree that the following claims will not be subject to arbitration: (1) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder, and (2) any action in ejectment or for possession of any interest in real or personal property.”

19.3 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the discovery of the violation or breach and grant Franchisor reasonable opportunity to cure any alleged default. Failure to timely give such notice will preclude any claim for damages.

19.4 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

19.5 No Right to Offset. Franchisee may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

19.6 Venue. Nothing contained in this Agreement will prevent Franchisor or Franchisee from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard such party's interests. In the event of any litigation arising out of this Agreement or based upon the relationship between the parties, venue for any such litigation shall be any court of general jurisdiction the county of Cook, Illinois, or the United States District Court for the district in which Franchisor's headquarters is located. Franchisee hereby accepts and submits to, generally and unconditionally, for itself and with respect to its property, the jurisdiction of any such courts in any such action or proceeding and hereby waives, to the greatest extent permitted by applicable law defenses based on jurisdiction, venue, or forum non conveniens. The provisions of this Section 19.7 shall be self-executing and shall remain in full force and effect after the termination or expiration of this Agreement. Franchisee acknowledges that this Agreement has been entered into in the State of Illinois, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters, including but not limited to assistance, support, and the development of the System.

19.7 Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19.8 Jury Trial Waiver. **WITH RESPECT TO ANY PROCEEDING NOT SUBJECT TO ARBITRATION, THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL**

**APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.**

**20. FRANCHISEE'S OWNERSHIP AND ORGANIZATION**

20.1 Disclosure of Ownership Interests. Franchisee and each of its Owners represents, warrants, and agrees that Schedule "A" is current, complete, and accurate. Franchisee agrees that updates to Schedule "A" attached hereto will be furnished promptly to Franchisor, so that Schedule "A" (as so revised and signed by Franchisee) is at all times current, complete, and accurate. Each Owner must be an individual acting in his or her individual capacity unless Franchisor waives this requirement.

20.2 Organizational Documents. If Franchisee is, or at any time becomes, a business corporation, partnership, limited liability company or other legal entity, Franchisee and each of its Owners represents, warrants and agrees that: (a) Franchisee is duly organized and validly existing under the laws of the state of its organization; (b) Franchisee has the authority to execute and deliver the Franchise Agreement and all related agreements and to perform its obligations under all such agreements; (c) the articles of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest in Franchisee is restricted by the terms of the Franchise Agreement; and (d) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued bear a legend in conformity with applicable law reciting or referring to such restrictions.

**21. TAXES, PERMITS AND INDEBTEDNESS**

21.1 Taxes. Franchisee must promptly pay when due any and all federal, state, and local taxes including, without limitation, unemployment, and sales taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the business licensed hereunder.

21.2 Permits. Franchisee must comply with all federal, state, and local laws, rules and regulations and timely obtain any and all permits, certificates and licenses for the full and proper conduct of the business licensed hereunder.

21.3 Full and Sole Responsibility for Debts and Obligations. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

**22. INDEMNIFICATION AND INDEPENDENT CONTRACTOR**

22.1 Indemnification. Franchisee hereby agrees, during and after the term of this Agreement, to indemnify, defend, and hold harmless Franchisor and its affiliates, and their respective owners, directors, officers, employees, agents, successors and assigns (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, any and all liabilities, losses, suits, claims, demands, costs, fines and actions (the "Claims") of any kind or nature whatsoever directly or indirectly arising out of Franchisee's breach of this Agreement or the operation of the Franchised Business, unless (and then only to the extent that) the Claims are determined to be caused solely by Franchisor's intentional misconduct in a final, unappealable ruling issued by a court with

competent jurisdiction. For the purposes of this indemnification, “claims” includes all obligations, damages (actual, consequential, or otherwise), and the cost that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants’, arbitrators’, attorneys’ and expert witness’ fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at Franchisee’s expense and agree to settlements or take other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Any Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Franchisee under this section. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section.

**22.3 No Fiduciary Relationship; Independent Contractor Status.** In all dealings with third parties including, without limitation, franchisees, employees, suppliers, and clients, Franchisee must disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties neither to create a fiduciary relationship between them nor to constitute Franchisee as a subsidiary, joint venture, partner, agent, or employee of Franchisor for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any warranty or representation on behalf of Franchisor other than those contained in any disclosure document prepared by Franchisor for use by Franchisee, nor is Franchisee authorized to create any obligation or enter into any contract binding on Franchisor.

**22.4. No Liability.** Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage suffered by any person or property directly or indirectly arising out of Franchisee’s operation of the Franchised Business. Franchisor will have no liability for Franchisee’s obligations to pay third parties, including any landlords and product vendors.

## **23. WRITTEN APPROVALS, WAIVERS, AND AMENDMENT**

**23.1 Approval Process.** Whenever this Agreement requires Franchisor’s prior approval, Franchisee must make a timely written request. Unless a different time period is specified in this Agreement, Franchisor will respond with its approval or disapproval within thirty (30) calendar days. In addition, Franchisor’s approval will not be unreasonably withheld unless a different degree of discretion is specified in this agreement.

**23.2 No Waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of Franchisor’s right to demand exact compliance with any of the terms herein. A waiver or approval by Franchisor of any particular default by Franchisee will not be considered a waiver or approval by Franchisor of any preceding or subsequent breach by Franchisee of any term, covenant, or condition of this Agreement.

**23.3 Amendments.** No amendment changes or variance from this Agreement will be binding upon Franchisor or Franchisee except by mutual written agreement. If an amendment of this Agreement is executed at Franchisee’s request, any legal fees or preparation cost in connection therewith must be paid by Franchisee.

23.4 Non-uniform Agreements. No warranty or representation is made by Franchisor that all other agreements with AumBio franchisees heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements granted to other AumBio franchisees in a non-uniform manner, subject, however, to those provisions of this Agreement which require Franchisor to act toward its franchisees and franchise owners on a reasonably nondiscriminatory basis.

## **24. NOTICES**

All written notices, consents, approvals, authorizations, and reports, permitted or required to be delivered by this Agreement or the Manual will be deemed to be delivered:

1. at the time delivered by hand;
2. at the time delivered electronically;
3. one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
4. three (3) business days after placement in the U.S. Mail.

Notices to Franchisee must be addressed to it at the address Schedule A to this Agreement. Notices to Franchisor must be addressed to Franchisor at: 1645 Hicks Rd., Unit C, Rolling Meadows, IL 60008, Attention: Chief Executive Officer.

## **25. GOVERNING LAW**

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Franchisee (and/or any of our affiliates) and Franchisee will be governed by the laws of the State of Illinois, without regard to its conflicts of laws rule. This Agreement will become a valid and enforceable contract when we accept it and sign it in Rolling Meadows, Illinois. Franchisee and Franchisor expressly agree that this Agreement has been made in the State of Illinois, that substantially all performance of the obligations hereunder has been and will be rendered in the State of Illinois, and that there is a regular stream of business activity between Franchisee and franchisor from and into the State of Illinois.

## **26. SEVERABILITY AND CONSTRUCTION**

26.1 Severability. Should any provision of this Agreement be for any reason held invalid, illegal, or unenforceable, such provision will be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement will in no way be affected and will remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this Article 26 will operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to effectuate fully the provisions hereof. Franchisee understands and acknowledges that Franchisor will have the right to

reduce the scope of any covenant of this Agreement binding upon Franchisee, or any portion hereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which will be fully enforceable.

26.2 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, but such counterparts together will constitute one and the same instrument.

26.3 Headings and Captions. The headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as part of this Agreement. All terms and words used herein will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement will be construed independently of any other section or provision of this Agreement.

26.4 Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties.

26.5 Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute, and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement.

26.6 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises Reasonable Business Judgment in making a decision or exercising a right. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Licensed Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization and improving the competitive position of the System.

## **27. ENTIRE AGREEMENT**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise Disclosure Document it furnished to Franchisee.

Franchisee acknowledges that it is entering into this Agreement as a result of its own independent investigation of Franchisor's franchise offering and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

## **28. FORCE MAJEURE**

In the event of an act of God, terror, war, insurrection, civil commotion, epidemic, pandemic, strike, lockout, or embargo; or lack of materials or telephone transmissions specified or reasonably necessary in connection with the operation of your Franchised Business or the System; or fire, unavoidable casualties, and any other occurrence, event, or condition beyond the reasonable control of Franchisee or Franchisor, whichever is applicable (a "Force Majeure"), Franchisor or Franchisee, as applicable, will be relieved of their respective obligations to the extent that Franchisee or Franchisor are necessarily prevented, or materially hindered or delayed, in such performance during the period of such Force Majeure. The party whose performance is affected by a Force Majeure shall give prompt written notice to the other party of such Force Majeure.

## **29. ACKNOWLEDGMENTS**

**29.1. The Franchisee acknowledges that it has conducted an independent investigation of the business licensed hereunder to the extent of the Franchisee's desire to do so, and the Franchisee recognizes and acknowledges that the business venture contemplated by this Franchise Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisor expressly disclaims the making of, and the Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that the Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success.**

**29.2 The Franchisee acknowledges and agrees that: (i) all obligations of Franchisor under this Agreement are owed by Franchisor alone; and (ii) no other entity, including without limitation Franchisor's and our affiliates' directors, officers, shareholders, partners, members, employees, agents, or attorneys shall be subject to liability under this Agreement.**

**29.3 The Franchisee acknowledges that it and each of its owners has received, fully read, and understood, and all questions have been answered regarding, a copy of Franchisor's Franchise Disclosure Document with all exhibits at least fourteen (14) calendar days prior to signing any binding documents or paying any sums.**

**29.4 The Franchisee understands, acknowledges, and agrees that there may be instances where Franchisor has varied, or will vary, the terms on which Franchisor offers franchises, the charges Franchisor (and/or Franchisor's affiliates) make or otherwise deal with our franchisees to circumstances of a particular transaction, the particular circumstances of that franchisee, or otherwise.**

**29.5 The Franchisee acknowledges that it has not received nor relied on (nor has Franchisor or any representative of Franchisor provided, except as may have been contained in the Franchise Disclosure Document received by Franchisee): (i) any sales, income or other projections of any kind or nature; or (ii) any statements, representations, charts, calculations or other materials which stated or suggested any levels or range of sales, income, profits or cash flow; or (iii) any representations as to any profits Franchisee may realize in the operations of the franchise business or any working capital or other funds necessary to reach any "break-even" or any other financial levels.**

**29.6 Variances. Franchisee acknowledges and agrees that: i) Franchisor may from time to time approve exceptions or changes to the standards and specifications of the System (including without limitation the amount and payment terms of any fee) that Franchisor deems**

**necessary or desirable under particular circumstances (the “Variances”); Franchisee will have no right to require Franchisor to disclose any Variances to Franchisee or grant Franchisee the same or similar Variances; and (iii) other franchisees, whether existing now or in the future, may operate under different forms of agreement, and that as a result their rights and obligations may differ materially from yours.**

**29.7 The Franchisee acknowledges that it (and each of its owners, if an entity) has had the opportunity and has been advised us to have this Agreement and all other documents reviewed by its own attorney, accountant or and/or other advisor, and that Franchisee has read, understood, had an opportunity to discuss, and agrees to each provision of this Agreement. Franchisee agrees that it has been under no compulsion to sign this Agreement.**

**29.8 Franchisee Acknowledges that it is rendering holistic wellness services and not medical services, nor making a diagnosis or providing treatment for any medical condition. Franchisee acknowledges that as an AUMBIO franchisee it is providing general wellness services.**

### **30. SUBMISSION OF AGREEMENT**

Submission of this Agreement to Franchisee does not constitute an offer to enter into a contract. This Agreement will become effective only on its execution by Franchisee and Franchisor and will not be binding on Franchisor unless and until it is signed by Franchisor’s authorized officer and delivered to you.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed, and delivered this Agreement, which may be executed in duplicate the day and year first above written.

Franchisor:

**AUMBIO FRANCHISING, LLC**

By: \_\_\_\_\_  
Kamil Czubacki, President

Franchisee:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Print Name and Title

**RIDER TO THE AUMBIO FRANCHISING, LLC  
FRANCHISE AGREEMENT FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 202\_\_\_\_ (the “Effective Date”) by and between **AumBio Franchising, LLC**, a limited liability company formed under the laws of the State of Illinois, with “**us**,” or, “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal business address at \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 202\_\_\_\_ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the AumBio franchise that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.
2. Illinois law governs the agreements between the parties to this franchise.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.
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 any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the Franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. The THERA WELLNESS therapy device is not a medical device but is instead being marketed in the U.S.A. as a “General Wellness Product” as defined by the Food and Drug Administration (FDA). General Wellness Products (Devices) are meant to sustain or offer general improvement to functions associated with a general state of health and not to

diagnose, prevent, mitigate or restore a structure or function that has been impaired due to a disease or (medical) condition. Franchisees may not represent to customers or to the general public that it is making a medical diagnosis or treating a medical condition. The violation of the foregoing policy is grounds for termination of the Franchise Agreement.

9. A typical length of time between the signing of a Franchise Agreement and the opening of the franchise business is 30 to 120 days. Factors affecting this range include site availability, lease or purchase negotiations and construction time. We can terminate the Franchise Agreement if you fail to open the Center for business within 4 months from the date you sign the Franchise Agreement. (Franchise Agreement – Section 5.5).

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

AUMBIO Franchising, LLC, an Illinois limited liability company

By: \_\_\_\_\_  
Kamil Czubacki, Pres.

**FRANCHISE OWNER**

\_\_\_\_\_  
[Print Name of Franchise Entity]

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]  
Title of Signatory: \_\_\_\_\_

# **FRANCHISE AGREEMENT SCHEDULE “A”**

## **INITIAL FRANCHISE FEE, TERRITORY, APPROVED LOCATION, AND FRANCHISEE OWNERSHIP**

1. Initial Franchise Fee:
  2. Description of Territory:
  3. Franchisee's Principal Business Address, email address, Telephone Number, and Facsimile Number:

Email: \_\_\_\_\_  
Tel.: \_\_\_\_\_  
Fax: \_\_\_\_\_

4. Address of Approved Location:

5. Name and Address of Each Owner of Franchisee and Percentage of Ownership:

\_\_\_\_\_ %  
\_\_\_\_\_ %

6. Form of Franchisee (check applicable entity):

Corporation;  
 Partnership;  
 Limited Partnership;  
 Limited Liability Company;  
 Sole Proprietorship;  
 Other (Specify) \_\_\_\_\_

Organized Under the Laws of the State or Commonwealth of:

## FRANCHISE AGREEMENT

### SCHEDULE "B"

### LEASE ADDENDUM

This Addendum to Lease, dated \_\_\_\_\_, 202\_\_\_\_, is entered into by and between \_\_\_\_\_ ("Lessor"), and \_\_\_\_\_ ("Lessee").

A. The parties hereto have entered into a certain Lease Agreement, dated \_\_\_\_\_, 202\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ ("Lease").

B. Lessor acknowledges that Lessee intends to operate a AumBio Center from the leased premises ("Premises") pursuant to a Franchise Agreement ("Franchise Agreement") with AumBio Franchising, LLC ("Franchisor") under the name "AUMBIO" 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 to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, or affiliate (including another Franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent. However, no assignment shall be effective until the time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another Franchisee without the Landlord's consent in accordance with Section 3(a).

2. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 1. Franchisor will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

AumBio Franchising, LLC  
Attn: Kamil Czubacki, Pres.  
1645 Hicks Rd., Unit C  
Rolling Meadows, IL 60008

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 agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent, and 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 cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign the Lease to a new Franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon the reassignment, provided the Franchisee agrees to assume Lessee's obligations and the Lease.

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord 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 Marks and System, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

4. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum.

(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 affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations, or liabilities of or against Franchisor or any affiliate of Franchisor.

5. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease 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.

\_\_\_\_\_  
By: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISE AGREEMENT  
SCHEDULE "C"**

**ELECTRONIC DEBIT AUTHORIZATION**

Authorization Agreement for Direct Payments (ACH Debits)

I (we) hereby authorize AUMBIO FRANCHISING, LLC, hereinafter called FRANCHISOR, to initiate debit entries to my (our)  Checking Account  Savings Account (select one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name: \_\_\_\_\_ Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

This authorization is to remain in full force and effect until FRANCHISOR has received written notification from me (or either of us) or its termination in such time and in such manner as to afford FRANCHISOR and DEPOSITOR a reasonable opportunity to act on it.

Name(s): \_\_\_\_\_ ID Number: \_\_\_\_\_  
(Please Print)

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

NOTE: DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION

**FRANCHISE AGREEMENT  
SCHEDULE "D"**

**PERSONAL GUARANTY OF FRANCHISEE'S PRINCIPAL OWNERS**

**THIS GUARANTY** is given this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_

By (list each guarantor): \_\_\_\_\_

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by AUMBIO FRANCHISING, LLC ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including any extensions, renewals and modifications thereof) and afterward as provided in the Agreement, that \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (iv) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time granted to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (v) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail

in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in the state or federal court of general jurisdiction in whose district our headquarters is then located and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

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

**Signatures of Each Guarantor**

**Percentage of Ownership  
In Franchisee**

\_\_\_\_\_ %

Address: \_\_\_\_\_  
\_\_\_\_\_

Sworn to and Subscribed before me,  
this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_ %

Address: \_\_\_\_\_  
\_\_\_\_\_

**FRANCHISE AGREEMENT**  
**SCHEDEULE "E"**  
**AGREEMENT NOT TO COMPETE AND CONFIDENTIALITY AGREEMENT**

THIS AGREEMENT (the "Agreement") is made and entered into the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and between AUMBIO FRANCHISING, LLC, a Illinois limited liability company ("Franchisor"), \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee"), and \_\_\_\_\_, an individual resident of the state of \_\_\_\_\_, ("Owner" or "I").

**RECITALS**

A. Owner is an owner of equity in Franchisee, a franchisee of Franchisor pursuant to a Franchise Agreement dated \_\_\_\_\_ (the "Franchise Agreement").

B. Franchisor owns a wide variety of confidential information and trade secrets. Franchisor is granting Franchisee and Owner access to its confidential information, trade secrets, and other methods and procedures. Franchisor needs to secure the confidentiality of its confidential information, the secrecy of its trade secrets, and its other methods and procedures, so that Franchisor's legitimate interests, including without limitation the interests of Franchisor's other Franchisees, and the integrity and goodwill of Franchisor and its affiliates, and the integrity of Franchisor and such affiliates' various businesses, are protected.

C. Franchisor would not have entered into the franchise relationship with Franchisee unless Franchisee agreed to have Owner sign this Covenant, agree to be bound by it, and agree to comply with it.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of all of which Owner hereby acknowledges, Owner hereby covenants, warrants, represents, and agrees as follows:

1. **Definitions.** As used in this Covenant:

1.1 **Competitive Business.** "Competitive Business" will mean: (i) owning, maintaining, operating, engaging in, or having any interest in, any business that offers for sale, sells, or delivers Bio Resonance therapy and other therapies offered by AumBio Centers, as such services are modified from time to time, or any services confusingly similar thereto (a "Competitive Business"), other than another business operating under an agreement with Franchisor or any affiliate of Franchisor; (ii) acting as a director, officer, partner, member, employee, independent contractor, consultant, principal, or proprietor, or participating or assisting in the establishment or operation of any business engaged in a Competitive Business; or (iii) diverting or attempting to divert any business from Franchisee's AumBio Center, or from any businesses operating under the Franchisor's System, or from other systems Franchisor or its affiliates may develop.

1.2 **Confidential Information.** "Confidential Information" means any information that Franchisor discloses to Franchisee that Franchisor designates as confidential, or that, by its nature, would reasonably be expected to be held in confidence or kept secret, whether such disclosure occurred prior to or after the Effective Date of this Agreement. Without limiting the definition of "Confidential Information," all the following shall be conclusively presumed to be Confidential Information whether or not Franchisor designates them as such: (i) all information that Franchisor has marked or designated

as confidential; (ii) Franchisor's Operations Manual, together with all similar directives and documentation; (iii) Franchisor's training programs and the material contained in them; (iv) Franchisor's methods, system, recipes, and agreements, related to the development, opening, and operation of Center businesses; (v) Franchisor's cost information; and (vi) all other information that Franchisor provides to Franchisee in confidence, except where such information is a Trade Secret.

1.3 Trade Secret. "Trade Secret" means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who may obtain economic value from its disclosure or use, whether Franchisee or Owner obtained such information prior to or after the Effective Date of the Franchise Agreement. Without limiting the definition of "Trade Secret," all the following shall be conclusively presumed to be Trade Secrets whether or not Franchisor designates them as such: (i) all customer lists, whether related to the franchised business or otherwise, and the contact information of such customers; (ii) Franchisor's advertising, marketing, and public relations strategies; (iii) Franchisor's marketing analyses; (iv) products and services that Franchisor proposes to introduce, but that it has not yet introduced; and (v) Franchisor's expansion plans.

1.4 System. "System" will mean businesses operating under the "AumBio" trademarks, trade names, service marks, logotypes, and other commercial symbols.

## 2. Covenant Not to Compete.

2.1 Covenant Not to Compete During the Term of the Franchise Agreement. Owner agrees that he/she will not, during the term of the Franchise Agreement, individually or jointly with others, directly or indirectly, by, though, on behalf of, or in conjunction with, any person or entity: (i) own, maintain, operate, engage in, or have any interest in, any business engaged in a Competitive Business, other than as an owner of Franchisee, without Franchisee's and Franchisor's prior written consent, except that Owner may passively own or hold less than five percent (5%) of the shares of any publicly-traded business engaged in a Competitive Business; (ii) act as a director, officer, employee, independent contractor, consultant, principal, agent, or proprietor, or otherwise participate or assist in the establishment or operation of, directly or indirectly, any business engaged in a Competitive Business; or (iii) divert or attempt to divert any business from Franchisee's AumBio Center business, from Franchisor, or from any businesses operating under the Franchisor's System or other systems Franchisor or its affiliates may develop.

2.2 Covenant Not to Compete After the Term The Franchise Agreement. Owner covenants that he/she will not, beginning with the date of the termination, expiration, or non-renewal of the Franchise Agreement, and continuing for two (2) years thereafter, within Franchisee's Protected Territory or former Protected Territory, or within fifty (50) miles of the boundary of the Franchisee's Protected Territory or former Protected Territory, individually or jointly with others, by, through on behalf of, or in conjunction with, any person or entity: (i) own, maintain, operate, engage in, or have any interest in, any business engaged in a Competitive Business, without Franchisee's and Franchisor's prior written consent, except that Owner may passively own or hold less than five percent (5%) of the shares of any publicly-traded business engaged in a Competing Activity; (ii) act as a director, officer, partner, member, employee, independent contractor, consultant, principal, agent, or proprietor, or otherwise, or participate or assist in the establishment or operation of, any business engaged in a Competitive Business.

2.3 Non-Solicitation Covenant. During the term of the Franchise Agreement and for a continuous period of two (2) years following the termination or expiration of this Agreement, Franchisee shall not on its own behalf or on behalf of any other person or entity, solicit any client of Franchisee's former franchised business for the purpose of providing services the same as or similar to those provided by AumBio franchised businesses.

### 3. Ownership and Protection of Confidential Information and Trade Secrets.

3.1 Ownership. Owner acknowledges and agrees that Franchisor's Confidential Information and Trade Secrets are and shall remain Franchisor's sole and exclusive property and that: (i) they are expressly copyrighted by copyright notice and hence protected under the U.S. Copyright Act, or they are unpublished works nonetheless protected under the U.S. Copyright Act; (ii) they include Franchisor's valuable confidential information and trade secrets; and (iii) Franchisor has made and will continue to make substantial investment in the Confidential Information and Trade Secrets, which investment may be recouped only if Franchisor's rights set forth in the provisions of the Franchise Agreement governing the protection of Franchisor's intellectual property, Franchisor's rights set forth in this Agreement, Franchisor's rights established by law, and Franchisor's other rights arising out of or related to Franchisor's intellectual property, are honored.

3.2 Acknowledgments. Owner acknowledges and agrees that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade; that they are beyond Owner's present skill and experience; and that for Owner to develop such Confidential Information and Trade Secrets on its own would be expensive, time-consuming, and difficult. Owner further acknowledges and agrees that the Confidential Information and Trade Secrets would, if disclosed to a third party or used by me in violation of this Agreement, provide the third party or me with an unfair competitive advantage, and that they would be economically valuable to the third party or me in the development of a competing business or otherwise.

3.3 Protection. In recognition, acknowledgment, and agreement with this Agreement, and in consideration of Franchisor's grant of a AumBio Franchise to Franchisee, and in further consideration of the disclosure of the Confidential Information and Trade Secrets to me, Owner covenants, warrants, represents, and agrees that:

3.3.1 He/she will not, during the term of the Franchise Agreement: (i) appropriate or use any Confidential Information or Trade Secret for any purpose other than the operation of Franchisee's franchised business; (ii) use any Confidential Information or Trade Secret at any place except Franchisee's franchised business; (iii) disclose or reveal any portion of the Confidential Information or Trade Secrets to any person, other than to Franchisee's directors, officers, owners, management employees, and others who have a legitimate business need to know of them in order to further the operation of Employer's franchised business; or (iv) disclose any Confidential Information or Trade Secret to any other person or entity except as Franchisee or Franchisor expressly authorize.

3.3.2 He/she will not, for two (2) years after the termination or non-renewal of the Franchise Agreement: (i) appropriate or use any Confidential Information for any purpose; or (ii) disclose any Confidential Information to any other person or entity.

3.3.3 He/she will not, at any time after the termination or non-renewal of the Franchise Agreement: (i) appropriate or use any Trade Secret for any purpose; or (ii) disclose any Trade Secret to any other person or entity.

3.3.4 He/she will not copy, duplicate, record, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part; store such Confidential Information or Trade Secrets in a computer database; or otherwise make such Confidential Information or Trade Secrets available to any third party, except as set forth in this Agreement or as Franchisor specifically authorizes.

3.3.5 He/she will at all times use my best efforts to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets.

3.3.6 Franchisor may from time to time modify the form of confidentiality agreement that Franchisor requires individuals like Owner to sign. If Franchisor modifies such form, Owner will, on Franchisee's or Franchisor's request, duly execute, date, and deliver originals of such modified confidentiality agreement to Franchisee or Franchisor so that Franchisee or Franchisor actually receives such originals by the end of ten (10) days after Franchisee's or Franchisor's request for them.

4. **Unfair Competition.** Owner acknowledges and agrees that, and hereby directs any third party construing this Agreement, including without limitation any court, mediator, master, or other party acting as a trier of fact or law, to conclusively presume that: (i) any breach by Owner of Sections 2 or 3 of this Agreement constitutes a deceptive and unfair trade practice and unfair competition; and (ii) Section 3 of this Agreement are Franchisee's and Franchisor's reasonable effort under the circumstances to maintain the confidentiality of Franchisee's or Franchisor's Confidential Information and the secrecy of their Trade Secrets.
5. **Works Made for Hire.** If Franchisee directs Owner to create works derived from any Confidential Information or Trade Secrets, such works shall be deemed works made for hire and Franchisee shall own all copyrights in such works, subject to its obligations to assign such rights to Franchisor.
6. **Burden of Proof.** If a dispute arises as to whether particular information is Confidential Information or a Trade Secret, Owner agrees that it will bear the burden of proving that such information is outside the ambit of "Confidential Information" or "Trade Secrets" subject to this Agreement.
7. **Remedies.** If Owner defaults under this Agreement, or if Owner threatens any default, or if any default appears to be imminent, Owner acknowledges and agrees that: (i) Employer and Franchisor shall be entitled to all remedies at law or in equity or otherwise for such default or threatened or imminent default; and (ii) Employer and Franchisor shall be entitled, in addition to any other remedies Employer and Franchisor may have at law or in equity or otherwise, to a preliminary and permanent injunction and a decree for specific performance of the terms of this Agreement without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security.
8. **Directives.** If there is any dispute related to this Agreement, Owner hereby directs any third party construing this Agreement, including without limitation any court, mediator, master, or other party acting as a trier of fact or law:

8.1 To conclusively presume that the restrictions set forth in Sections 2 and 3 are reasonable and necessary in order to protect: (i) Franchisee's and Franchisor's legitimate business interests, including without limitation the interests of Franchisor's other franchisees, the interests of Franchisor's franchisees and subfranchisees, and the integrity of the System; (ii) the confidentiality of Franchisor's confidential information and the secrecy of Franchisor's trade secrets; (iii) Franchisor's investment in the System; and (iv) the goodwill associated with the System.

8.2 To conclusively presume that Sections 2 and 3 were made freely and voluntarily by me, as a skilled and experienced businessperson to whom Franchisee and Franchisor delivered good and valuable consideration.

8.3 To conclusively presume that the restrictions set forth in Section 2 will not unduly burden my ability to earn a livelihood.

8.4 To conclusively presume that Owner's violation of any of the terms of Section 2 of this Covenant: (i) was accompanied by the misappropriation and inevitable disclosure of Franchisee's and Franchisor's confidential information, trade secrets, and other methods and procedures; and (ii) constitutes a deceptive and unfair trade practice and unfair competition.

9. **Enforcement.** Owner acknowledges and agrees that:

9.1 Each of the covenants set forth in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant set forth in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision in a proceeding to which Franchisor is a party, Owner will 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 Sections 2 or 3.

9.2 Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 2 or 3 of this Agreement, or any portion thereof, without my consent, effective immediately on delivery by Franchisor of written notice of such reduction to me; and Owner will immediately comply with any covenant as so modified.

9.3 The existence of any claims Owner may have against Franchisee or Franchisor, whether or not they arise from this Agreement, shall not constitute a defense to the enforcement by Franchisee or Franchisor of the provisions of this Agreement.

10. **Injunctive Relief.** Owner agrees that any failure to comply with the requirements of this Agreement will cause Franchisee and Franchisor irreparable harm for which they have no adequate remedy at law. Therefore, Owner agrees that Franchisee and Franchisor will have the right to injunctive relief, including without limitation a decree for specific performance, to compel Owner to comply with this Agreement, without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security.

11. **Construction.**

11.1 **Governing Law.** All matters arising out of or related to this Agreement, including without limitation all matters arising out of or related to the making, existence, construction, enforcement, and sufficiency of performance of this Agreement, shall be determined exclusively in accordance with, and governed exclusively by, the laws of the State of Illinois applicable to agreements made and to be entirely performed in the State of Illinois, which laws shall prevail in the event of any conflict of laws.

11.2 **Forum, Venue, and Jurisdiction.** In the event of any dispute arising out of or related to this Agreement, including without limitation any dispute arising out of or related to the making of this Agreement, such dispute shall be resolved exclusively through litigation. The exclusive forum and venue for such litigation shall be the state or federal court having jurisdiction over the subject matter in or for the city or county where Franchisor's principal place of business is located. Owner hereby

irrevocably accepts and submits to, generally and unconditionally, the exclusive jurisdiction of any such state or federal court having jurisdiction over the subject matter and hereby waive all defenses based on jurisdiction, venue, or forum non conveniens.

11.3        Waiver of Trial By Jury. I hereby waive trial by jury in any litigation arising out of or related to this Agreement.

11.4        Attorneys' Fees. In the event of any dispute or litigation arising out of or related to this Agreement, including without limitation any dispute or litigation arising out of or related to the making of this Agreement, Owner will pay Franchisee and Franchisor, on demand, their costs, including without limitation their reasonable attorneys' fees and costs, and further including without limitation their reasonable attorneys' fees and costs of appeal, and further including without limitation their reasonable attorneys' fees and costs of collection, so that they actually receive such amounts by the end of ten (10) days after they demand payment. In the event of any default under this Agreement, Owner will pay Franchisee and Franchisor, on demand, their costs arising out of or related to such default, including without limitation their reasonable attorneys' fees and costs, and further including without limitation their reasonable attorneys' fees and costs of collection, so that they actually receive such amounts by the end of ten (10) days after they demand payment.

## 12. Miscellaneous.

12.1        Construe In Favor of Enforcement. In the event of any dispute, litigation, or like event or occurrence arising out of or related to my obligations set forth in this Agreement or arising out of or related to the matters set forth in this Agreement, Owner hereby directs any third party construing this Agreement, including without limitation any court, mediator, master, or other party acting as trier of fact or law, to construe the provisions of the Covenants contained herein broadly in favor of enforcement.

12.2        Merger; Entire Agreement, Compliance. This Agreement sets forth the entire agreement between Franchisee and Franchisor on the one hand, and Owner on the other hand, fully superseding any and all prior negotiations, agreements, representations, or understandings, whether oral or written, related to the subject matter of this Agreement. Owner hereby expressly affirms that there are no oral or written agreements, "side-deals," arrangements, or understandings between Franchisee or Franchisor on the one hand, and Owner on the other hand, except as expressly set forth in this Agreement. No course of dealing, whether occurring before or after the date Owner signed this Agreement, shall operate to amend, terminate, or waive any express written provision of this Agreement.

12.3        Partial Invalidity. If any provision of this Agreement is declared invalid or unenforceable, such provision shall be modified to the minimum extent necessary to make it valid and enforceable; and if it cannot be so modified, then severed. The balance of this Agreement shall remain in full force and effect, and Owner agrees that it would have signed it as so modified.

12.4        Successors and Assigns. This Agreement shall be binding on the parties, their personal representatives, successors, heirs, and assigns.

**(SIGNATURES ON FOLLOWING PAGE)**

IN WITNESS WHEREOF, agreeing to be legally bound hereby, the parties have duly executed and delivered this Agreement as of the date set forth above.

**Owner:**

**Signature**

**Print Name**

**Date:** \_\_\_\_\_, 20\_\_\_\_\_

**Address:**

\_\_\_\_\_  
\_\_\_\_\_

**Owner:**

**Signature**

**Print Name**

**Date:** \_\_\_\_\_, 20\_\_\_\_\_

**Address:**

\_\_\_\_\_  
\_\_\_\_\_

**Franchisor:**

**AumBio Franchising, LLC**

**By:** \_\_\_\_\_  
[Name and Title]

**Franchisee:**

\_\_\_\_\_

**By:** \_\_\_\_\_

## FRANCHISE AGREEMENT

### SCHEDULE “F”

#### **CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT FOR EMPLOYEES AND INDEPENDENT CONTRACTORS OF FRANCHISEE**

I, by my signature set forth below, agree to comply with and to be bound by this Confidentiality and Non-Solicitation Agreement (the “Agreement”).

I am an employee or independent contractor of \_\_\_\_\_ (the “Employer”). Employer is a Franchisee of AumBio Franchising, LLC (“AumBio”). AumBio owns certain confidential information and trade secrets; and, in order to induce AumBio to disclose such Confidential Information to Employer, AumBio and Employer have required me to execute this Agreement.

I acknowledge and agree that I will receive consideration from my agreement to comply with and to be bound by this Agreement, in that without this Agreement, Employer would not employ me.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of all of which I hereby acknowledge, I agree as follows:

#### **1. Definitions.** As used in this Agreement:

1.1 “Confidential Information” means any information related to Employer or AumBio that Employer or AumBio discloses to me that either designates as confidential; or that, by its nature, would reasonably be expected to be held in confidence or kept secret. Without limiting the definition of “Confidential Information”, all the following shall be conclusively presumed to be Confidential Information whether or not Employer or AumBio designate them as such: (i) AumBio Confidential Operations Manual; (ii) Employers’ and AumBio ’s cost information; (iii) materials describing the AumBio franchise network; (iv) AumBio training materials; and (v) other information Employer or AumBio give to me in confidence, except where such information is a Trade Secret.

1.2 “Trade Secret” means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Without limiting the definition of “Trade Secrets,” all the following shall be conclusively presumed to be Trade Secrets whether or not Employer or AumBio designate them as such: (i) Employer’s or AumBio ’s methods and procedures; (ii) Employer’s or AumBio ’s sources of supply; and (iii) Employer’s or AumBio ’s advertising, marketing, and public relations strategies.

1.3 The terms “Confidential Information” and “Trade Secret” do not include, regardless of the means of disclosure: (i) information generally known to the trade or the public at the time Employer or AumBio disclose it to me; (ii) information that becomes known to the trade or the public after Employer or AumBio disclose it to me, unless it becomes known due to my breach of this Agreement; or (iii) information I can prove was known to me at the time Employer or AumBio disclosed it to me.

**2. Protection of Confidential Information and Trade Secrets.** I acknowledge and agree that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade; that they are beyond my present skill and experience; and that for me to develop such Confidential Information and Trade Secrets on my own would be expensive, time consuming, and difficult. I further acknowledge and agree that the Confidential Information and Trade Secrets would, if disclosed to a third party or used by me in violation of this Agreement, provide the third party or me with a competitive advantage, and that they would be economically valuable to the third party or me in the development of a competing business or otherwise. Accordingly, in consideration of Employer's or AumBio 's disclosure of the Confidential Information and Trade Secrets to me, I covenant, warrant, and agree that:

2.1 I will not, during the Term of this Agreement: (i) appropriate or use any Confidential Information or Trade Secret for any purpose other than at those designated by Employer, in furtherance of Employer's business, and pursuant to Employer's direction; (ii) use any Confidential Information or Trade Secret at any place except at Employer's AumBio Franchised Business; (iii) disclose or reveal any portion of the Confidential Information or Trade Secrets to any person, other than to Employer's directors, officers, owners, management employees, or others who have a legitimate business need to know of them in order to further Employer's business; or (iv) divulge or use any Confidential Information or Trade Secrets for the benefit of any other person or entity except as Employer or AumBio expressly authorize.

2.2 I will not, for two (2) years after the termination or expiration of my employment with Employer for any reason: (i) appropriate or use any Confidential Information for any purpose; or (ii) divulge or use any Confidential Information for the benefit of any other person or entity.

2.3 I will not, at any time after the termination or expiration of my employment with Employer for any reason: (i) appropriate or use any Trade Secret for any purpose; or (ii) divulge or use any Trade Secret for the benefit of any other person or entity.

2.4 I will not copy, duplicate, record, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part; store such Confidential Information or Trade Secrets in a computer retrieval or data base; or otherwise make such Confidential Information or Trade Secrets available to any third party, except as set forth in this Agreement or as Employer or AumBio specifically authorizes.

2.5 I will make all reasonable efforts and take all reasonable precautions required to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets.

2.6 On termination or expiration of my employment with Employer for any reason, or when I am no longer assigned to work with any Confidential Information or Trade Secrets, I will promptly surrender to Employer all copies of any Confidential Information or Trade Secrets and any notes, memoranda, and like material concerning or derived from the Confidential Information or Trade Secrets.

**3. Unfair Competition.** I acknowledge and agree that: (i) any breach by me of Section 2 of this Agreement shall be conclusively presumed to constitute unfair competition; and (ii) Sections 1 and 2 of this Agreement are a reasonable effort under the circumstances to maintain the confidentiality of Employer's or AumBio 's Confidential Information and the secrecy of their Trade Secrets.

**4. Non-Solicitation of Clients and Customers of Employer.** Employee agrees other than on behalf of Employer, Employee shall not solicit for him/herself, or any person, entity, or business combination, any of Employer's customers during the period of eighteen (18) months immediately prior to Employee's termination of employment with Employer. This covenant will continue during the term of Employee's employment with Employer and for a period of two (2) years thereafter.

**5. Works Made for Hire.** If Employer directs me to create works derived from any Confidential Information or Trade Secrets, such works shall be deemed works made for hire and Employer shall own all copyrights in such works, subject to its obligations to assign such rights to AumBio.

**6. Remedies.** I agree that I shall be liable to AumBio for any and all damage, damages, loss, losses, costs, and expenses, including reasonable attorneys' fees, caused by my willful or negligent use or disclosure of any Confidential Information, Trade Secret, or information contained therein, in violation of this Agreement. I acknowledge and agree that AumBio is an intended third-party beneficiary of this Agreement and is entitled to enforce any provision of this Agreement.

**7. Limitation.** I understand that this is not an employment agreement of any kind, and that I am an "at-will" employee unless otherwise provided in a written employment agreement with Employer.

**8. Construction.** This Agreement shall be governed for all purposes by the laws of the State of Illinois and shall be construed to maximize protection for AumBio's rights in the Confidential Information, Trade Secrets, and goodwill. If any provision of this Agreement is declared void or unenforceable, such provision shall be deemed severed, and the balance of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, agreeing to be legally bound hereby, I have duly set my hand and seal to this Confidentiality Agreement and have duly executed and delivered this Confidentiality Agreement as of the date set forth below.

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Employee

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Print Name

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Date: \_\_\_\_\_, 20\_\_\_\_\_

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Address

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Witness

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Print Name

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Date: \_\_\_\_\_, 20\_\_\_\_\_

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Address:

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**FRANCHISE AGREEMENT**  
**SCHEDULE "G"**  
**TELEPHONE LISTING AGREEMENT**

**THIS TELEPHONE LISTING AGREEMENT** (the "Telephone Listing Agreement") is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and between AumBio Franchising, LLC, a Illinois limited liability company (hereinafter the "Franchisor"), and \_\_\_\_\_ (the "Franchisee").

**WITNESSETH:**

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor for the operation of a "AumBio " Center (the "Franchise Agreement"); and

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

**1. DEFINITIONS**

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

**2. TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Center or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment: Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

- (i) Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;
- (ii) Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and
  - (a) Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.
  - (b) Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.
  - (c) Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

### 3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs, and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

3.9 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the State of Illinois without regard to the application of Illinois conflict of law rules.

**(SIGNATURES CONTINUED ON FOLLOWING PAGE)**

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

AUMBIO FRANCHISING, LLC

FRANCHISEE:

By: \_\_\_\_\_  
Kamil Czubacki, Pres.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISE AGREEMENT**  
**SCHEDULE "H"**

**RELEASE, COVENANT NOT TO SUE, AND INDEMNIFICATION**

THIS RELEASE, COVENANT NOT TO SUE, AND INDEMNIFICATION (the "Release") is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and among AUMBIO FRANCHISING, LLC, a Illinois limited liability company ("AumBio ") on the one hand; and \_\_\_\_\_, a \_\_\_\_\_ "Franchisee", and \_\_\_\_\_, an individual citizen of the state of \_\_\_\_\_, an individual citizen of the state of \_\_\_\_\_, and \_\_\_\_\_, an individual citizen of the state of \_\_\_\_\_ (such individuals, collectively, the "Principal Owners"), on the other hand.

**RECITALS**

WHEREAS, AumBio and Franchisee are parties to that certain AumBio Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, and certain schedules, exhibits, addenda, attachments, and amendments thereto (collectively, the "Franchise Agreement"), related to the Franchise of Franchisee as described in such Franchise Agreement (the "Franchise"); and

***[FOR USE WHERE FRANCHISEE IS RENEWING THE FRANCHISE]***

WHEREAS, the Initial Term of the Franchise will expire at the end of \_\_\_\_\_, 20\_\_\_\_ and Franchisee desires to renew the Franchise, which renewal requires, among other things, that Franchisee and Principal Owners execute and deliver this Release pursuant to Section 2.2 of the Franchise Agreement; and

WHEREAS, AumBio is agreeable to such renewal, subject to, conditioned on, and in reliance on, compliance by: Franchisee and its Principal Owners with Section 2.2 of the Franchise Agreement; and

WHEREAS, Principal Owners are holders of substantial equity in Franchisee and anticipate benefit from the renewal of the Franchise, and hence from this Release, without which Release AumBio would not agree to renew the Franchise; and

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement, the renewal Franchise Agreement, and the mutual promises and covenants contained therein, and in further consideration of the sum of Ten and No/100 Dollars (\$10.00) in-hand paid to Franchisee and each Principal Owner, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

***[FOR USE WHERE FRANCHISEE IS TRANSFERRING THE FRANCHISE]***

WHEREAS, Franchisee desires to Transfer the Franchise, certain interests in the Franchise, Franchisee, or certain interests in Franchisee, which Transfer requires, among other

things, that Franchisee and Principal Owner execute and deliver this Release pursuant to Article 14 of the Franchise Agreement; and

WHEREAS, AumBio is agreeable to such Transfer, subject to, conditioned on, and in reliance on, compliance by: (i) Franchisee and Transferee with the Franchise Agreement, including without limitation Article 12 of the Franchise Agreement; and (ii) Principal Owners with Section 14.1 of the Franchise Agreement; and

WHEREAS, Principal Owners are holders of substantial equity in Franchisee and anticipate benefit from the Transfer of the Franchise, certain interests in the Franchise, Franchisee, or certain interests in Franchisee, and hence from this Release, without which Release AumBio would not consent to such Transfer;

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the Transfer, and in further consideration of the sum of Ten and No/100 Dollars (\$10.00) in-hand paid to Franchisee and each Principal Owner, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

**[BODY: FOR USE IN ALL SITUATIONS]**

1. **Definitions.** Capitalized terms used but not otherwise defined in this Release shall have the same meanings as set forth in the Franchise Agreement.
2. **Release.** In specific consideration of AumBio 's consent to the [Renewal of the Franchise] [Transfer of the Franchise], Franchisee, Principal Owners, and the successors and assigns of any and all of them (collectively, the "Releasing Parties"), hereby release, remise, acquit, and forever discharge AumBio and its directors, officers, members, employees, agents, and attorneys, and AumBio 's affiliates and each and all of their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any of them (collectively, the "Parties Released"), from and against any and all claims, debts, demands, actions, causes of action, loss, losses, damage, damages, and liabilities of any nature or kind, contingent or fixed, known or unknown, at law or in equity or otherwise, occurring or accruing prior to the Effective Date of this Release, that arise out of or relate to: (i) the Franchise Agreement; (ii) the Franchise; (iii) the [Renewal of the Franchise] [Transfer of the Franchise]; or (iv) the business relationship that existed or exists between the Releasing Parties, or any of them, on the one hand, and the Parties Released, or any of them, on the other hand; including, without limitation, the offering of the Franchise and the Franchise offering documents. In the event any Releasing Party raises or asserts any claim, action, or cause of action described in this Section 2 of this Release, or alleges any loss, losses, damage, damages, or liabilities described in this Section 2 of this Release, this Section 2 shall be a complete and conclusive defense thereto.
3. **Covenant Not to Sue.** In specific consideration of AumBio 's consent to the [Renewal of the Franchise] [Transfer of the Franchise], the Releasing Parties hereby covenant, warrant, and agree that neither they nor any of them will: (i) make any claim or demand; (ii) commence, or cause or permit to be commenced; (iii) prosecute, or cause or permit to be prosecuted; or (iv) assist or cooperate in the commencement or prosecution of, any suit or action at law or in equity, any arbitration or like proceeding, or any administrative or agency proceeding, against or related to the Parties Released, or any of them, for any matter, accruing or arising prior to the Effective

Date of this Release, that arise out of or relate to: (a) the Franchise Agreement; (b) the Franchise; (c) the [Renewal of the Franchise] [Transfer of the Franchise]; or (d) the business relationship that existed or exists between the Releasing Parties, or any of them, on the one hand, and the Parties Released, or any of them, on the other hand; including, without limitation, the offering of the Franchise and the Franchise offering documents.

4. **Indemnification.** In specific consideration of AumBio 's consent to the [Renewal of the Franchise] [Transfer of the Franchise], the Releasing Parties covenant, warrant, and agree that they will indemnify, defend, and hold harmless the Parties Released against, and reimburse any and all of the Parties Released for, any and all Claims arising out of or related to any act or omission by the Releasing Parties, or any of them, in violation of or contrary to this Release. For purposes of this indemnification, "Claims" include, without limitation, all obligations, debts, liabilities, demands, claims, causes of action, actions, loss, losses, damage, and damages (actual, consequential, multiplied, enhanced, exemplary, punitive, or otherwise), and costs reasonably incurred in the defense of any claim against any of the Parties Released; including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees; costs of investigations and proof of facts; court costs and other expenses of litigation, arbitration, or alternative dispute resolution; and travel and living expenses. The Party Released affected shall have the right to counsel it reasonably chooses. Under no circumstances will any Party Released be required to seek recovery from any insurer, other third party, or otherwise, or to mitigate any losses and expenses of such Party Released, in order to maintain and recover fully a claim under this Section 4 of this Release. No failure to pursue such recovery or to mitigate a loss will in any way reduce or alter the amounts any Party Released may recover. The obligations of the Releasing Parties under this Section 4 shall be joint and several.

## 5. **Miscellaneous.**

5.1 The Parties Released are first-party direct beneficiaries or intended third-party beneficiaries of this Release, are entitled to enforce its terms, and are entitled to all its benefits.

5.2 This Release and all matters related to the validity, construction, interpretation, and enforcement of this Release shall be governed by the laws of the State of Illinois without reference to its choice of law or conflicts of law principles; provided, however, if any or all of the provisions set forth in Sections 2, 3, 4, or 5 of this Release are unenforceable under the laws of the State of Illinois, but would be enforceable under the laws of any other jurisdiction where any applicable party is a citizen or resident, then the laws of such other jurisdiction shall apply, but only to the provision or provisions that would be unenforceable under the laws of the State of Illinois.

5.3 In the event of any litigation or other dispute related to this Release between the Releasing Parties, or any of them, on the one hand, and the Parties Released, or any of them, on the other hand, including without limitation any litigation or dispute related to the making of this Release, any such litigation shall be brought in the state or federal court having jurisdiction over the subject matter in the jurisdiction where Franchisor's principal office is located, and the parties specifically and irrevocably consent to the personal jurisdiction of such courts over them and waive any objections thereto they may otherwise have had. The Releasing Parties hereby covenant, warrant, and agree that neither they nor any of them will raise any claim that they or any of them are not subject to personal jurisdiction in the courts enumerated in this Section 5.3 or that venue in any such court is improper, inconvenient, prejudicial, or otherwise inappropriate.

5.4 In the event of any litigation, other dispute, or default related to this Release between the Releasing Parties, or any of them, on the one hand, and the Parties Released, or any of them, on the other hand, including without limitation any litigation or dispute related to the making of this Release, the non-prevailing party shall pay the prevailing party the prevailing party's reasonable costs and attorneys' fees related to such litigation, other dispute, or default, which in the event of litigation shall be taxed as costs, within five (5) days after demand therefor.

5.5 This Release may be executed in multiple counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Release effective as of the date first written above.

AUMBIO FRANCHISING, LLC

FRANCHISEE:

By: \_\_\_\_\_  
Kamil Czubacki  
Title: President

By: \_\_\_\_\_  
Title: \_\_\_\_\_

PRINCIPAL OWNERS:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

**EXHIBIT “C”**

**AumBio Franchising, LLC**

**MULTI-UNIT DEVELOPMENT AGREEMENT**

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**AUMBIO FRANCHISING, LLC**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

This Multi-Unit Development Agreement (this "Agreement") is entered into between AUMBIO FRANCHISING, LLC, an Illinois Limited Liability Company ("AumBio", "Franchisor", "us" or "we"), whose principal address is \_\_\_\_\_, and \_\_\_\_\_, a \_\_\_\_\_ ("Developer", or "You") on the date set forth below (the "Effective Date").

**RECITALS:**

A. AumBio offers franchises for the operation of a Center through a uniform system which has high standards of service, and operates under the business format known as the AumBio Franchise System (the "System"); and

B. Developer has applied to Franchisor for, and Franchisor desires to grant to Developer, the right to establish and operate a specified number of AumBio Centers (each, a "Center") within a specified geographic territory (the "Development Area") and in accordance with a specified schedule (the "Development Schedule"), all in accordance with the terms and conditions contained herein.

NOW THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, it is mutually understood, agreed, and covenanted as follows:

**1. GRANT OF DEVELOPMENT RIGHTS**

During the term of this Agreement, Franchisor grants to Developer, subject to the terms and conditions contained herein, the right to establish and operate the number of Centers in the Development Area identified in Exhibit A and set forth in the Development Schedule attached hereto as Schedule "B". The operation of any Center established pursuant to this Agreement shall be governed by an individual AumBio Franchise Agreement to be entered into between Franchisor and Developer in accordance with Section 4 herein (each, a "Franchise Agreement")

**2. EXCLUSIVE TERRITORIAL PROTECTION**

Developer may establish the Centers required to be developed hereunder at any location within the Exclusive Development Area that has been approved by Franchisor. Provided that Developer is in compliance with its Development Schedule and with all Franchise Agreements executed by Developer arising out of this Agreement, Franchisor shall not grant to any Franchisee, affiliate, or develop for itself, any AumBio Centers within the Development Area until the termination or expiration of this Agreement.

**3. TERM**

Unless earlier terminated in accordance with the terms and conditions set forth herein, this Agreement shall commence as of the Effective Date and shall automatically expire, without any action on the part of either party being necessary, on the last date for the opening of the final Center to be developed hereunder in accordance with the Development Schedule.

#### **4. FRANCHISE AGREEMENT**

Contemporaneous with the execution of this Agreement, Developer shall execute the Franchise Agreement for the first Center to be developed pursuant to this Agreement. Within ten (10) days after Franchisor approves each approved site for each Center to be developed hereunder, Developer must sign and deliver to Franchisor two copies of Franchisor's then-current Franchise Agreement for that Center together with any ancillary agreements required by the Franchise Agreement. Once Franchisor has received the signed Franchise Agreement and all ancillary agreements it requires in satisfactory form, Franchisor will countersign the Franchise Agreement and return one fully signed copy to Developer.

#### **5. DEVELOPMENT FEE**

Developer shall pay to Franchisor a development fee in an amount set forth on Schedule "A" (the "Development Fee"). The Development Fee shall be paid in full at the time of the execution of this Agreement. Developer acknowledges and agrees that the Development Fee is paid as consideration for Franchisor granting Developer the right to open and operate the number of Centers set forth in the Development Schedule, and that the Development Fee is fully earned by Franchisor at the time this agreement is signed and shall not be refundable for any reason. The Development Fee shall be payment in full for all of the Centers to be developed by Developer pursuant to this Agreement. No additional Initial Franchise Fees shall be due and payable by Developer for the Centers to be developed pursuant to this Agreement. If for any reason this Agreement terminates before all Centers have been developed, Franchisor will retain the Development Fee previously paid by Developer.

#### **6. DEVELOPMENT SCHEDULE**

Developer must (i) establish and open the specified minimum number of Centers on or before each of the dates specified on the Development Schedule; and (ii) maintain the specified minimum number of Centers in continuous operation as specified on the Development Schedule. Developer's failure to comply with the foregoing requirements shall constitute a material default under this Agreement. Developer understands that time is of the essence with respect to its obligations to comply with the Development Schedule. Developer acknowledges and understands that this Agreement requires it to open Centers in the future pursuant to the Development Schedule. Developer further acknowledges and understands that the estimated investment requirement set forth in the Franchisor's current Disclosure Document are subject to increase and change over time and that future Centers developed hereunder will most likely require a greater initial investment and increased operating capital than those detailed in the Disclosure Document provided to Developer in connection with the execution of this Agreement.

#### **7. SITE SELECTION AND ACCEPTANCE**

7.1 Developer is responsible for locating sites for the Centers. We will evaluate your proposed location within 15 days of your submission to us of a complete site approval package. We may assist you in selecting sites for your Centers, but we will not be obligated to do so. Our approval of any site that you propose shall not be construed as a representation or warranty by us that your Center will be successful at the approved site. You acknowledge that we will have no liability to you relating to the approved site. In approving a site that you have proposed, we will take into consideration such factors as demographics, traffic patterns, competition, and any other factors that we deem relevant.

7.2 Lease of the Premises. Franchisee must deliver copies of the proposed lease agreement and related documents to Franchisor prior to signing them. You agree not to sign any lease agreement or related documents (or any renewal of it) unless we have previously approved them. Our approval, which will not be unreasonably withheld, will be limited to ensuring that the lease is consistent with this Agreement. If

we approve the lease, you agree to deliver a copy of the signed lease to us within five (5) days of its execution along with the Lease Addendum. You will give the landlord our form of the Lease Addendum when you begin discussions with the prospective landlord. You agree not to sign any lease or renewal of a lease unless you have also obtained the Lease Addendum signed by the landlord.

## **8. NO RIGHT TO OPERATE OR USE TRADEMARKS**

Developer acknowledges and agrees that (i) until a Franchise Agreement has been entered into for a specific Center, Developer shall not have, nor be entitled to exercise, any of the rights, powers and privileges granted by the Franchise Agreement, including, without limitation, the right to use the Marks or the System; (ii) the execution of this Agreement shall not be deemed to grant any such rights, powers or privileges to Developer; and (iii) Developer may not under any circumstances commence operations of any Center prior to Franchisor's execution of a Franchise Agreement for that particular Center.

## **9. TRANSFER OR ASSIGNMENT OF DEVELOPMENT RIGHTS**

9.1 Assignment by Franchisor. This Agreement may be unilaterally assigned by Franchisor and shall inure to the benefit of its successors and assigns. Developer agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the System to a third party; may go public, may engage in private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Developer further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as AumBio Centers operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Developer acknowledges may be proximate to any of its Centers. With regard to any of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System under this Agreement.

9.2 Assignment by Developer. Developer shall not subfranchise, sell, assign, transfer, merge, convey or encumber (each, a "Transfer") this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior express written consent of Franchisor. In addition, if Developer is a corporation, limited liability company, partnership, business trust, or similar association or entity, the shareholders, members, partners, beneficiaries, investors, or other equity holders, as the case may be, may not Transfer their equity interests in such corporation, limited liability company, partnership, business trust, or similar association or entity, without the prior written consent of Franchisor. Furthermore, in the event that any shareholder, member, partner, investor, or other equity holder of Developer (the "Equity Holder") is a corporation, limited liability company, partnership, business trust, or similar association or entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Equity Holder, may not be Transferred, without the prior written consent of Franchisor. Notwithstanding anything to the contrary in this Agreement, Franchisor shall have the right to approve or disapprove a Transfer under this Section 9.2 in its sole discretion. Any Transfer in violation of this Section shall be void and of no force and effect.

9.3 Death or Disability of Developer. Upon Developer's death or Disability (as such term is hereinafter defined), this Agreement or the ownership interest of any deceased or disabled shareholder,

partner, member or other equity holder of the Developer or an Equity Holder must be Transferred to a party approved by Franchisor. Any Transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for Transfers set forth in Section 9.4 below. Franchisor shall not unreasonably withhold its consent to the Transfer of this Agreement or any ownership interest to the deceased or disabled Developer's or Equity Holder's spouse, heirs, or members of his or her immediate family, provided all requirements of Section 9.4 have been complied with (except payment of the transfer fee, which shall not apply to such Transfers). A "Disability" shall have occurred with respect to Developer if Developer, or, if Developer is a corporation, partnership or limited liability company, its controlling shareholder, partner, member, or other equity holder, is unable to actively participate in its activities as Developer hereunder for any reason for a continuous period of six months. As used in this Section 9.3, "Developer" may include a disabled or deceased controlling shareholder, partner, or member where the context so requires.

**9.4 Approval of Assignment.** Franchisor's approval of any Transfer is, in all cases, contingent upon the following: (i) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Franchisor, and being willing to enter into an agreement in writing to assume and perform all of Developer's duties and obligations hereunder and/or enter into a new Development Agreement for the Development Area, if so requested by Franchisor, and agreeing to enter into any and all agreements with Franchisor that are being required of all new developers, including a guarantee provision or agreement and any other agreement which may require payment of different or increased fees from those paid under this Agreement; (ii) the terms and conditions of the proposed transfer (including, without limitation, the purchase price) being satisfactory to Franchisor; (iii) all monetary obligations (whether hereunder or not) of Developer to Franchisor or Franchisor's affiliates or subsidiaries being paid in full; Developer not being in default hereunder or any other agreement between Developer and Franchisor, including any Franchise Agreement; (v) Developer and its owners executing a general release of any and all claims against Franchisor and its affiliates, subsidiaries, members, managers, officers, directors, employees and agents, in a form satisfactory to Franchisor; (vi) Developer paying to Franchisor a transfer fee of \$10,000 per undeveloped Center, plus reimbursement for all legal, training and other expenses incurred by Franchisor in connection with the Transfer.

## **10. DEFAULT AND TERMINATION**

**10.1** You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you or any "Affiliate" of yours breaches any of the terms of any Franchise Agreement or any other agreement that you or your affiliates have with us or our affiliates. For purposes of this Agreement, an "Affiliate" of any person or entity will be any person or entity that controls that person or entity, is under the control of that person or entity, or is under common control with that person entity.

**10.2** All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency, (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority, (iii) you make a general assignment or other similar arrangement for the benefit of your creditors, (iv) a final judgment against you remains unsatisfied of record for thirty (30) days or longer, (v) execution is levied against your business or property, or the business or property of any of your affiliates that have entered into Franchise Agreements with us, (vi) suit to foreclose any lien or mortgage against premises or equipment is instituted against you and not dismissed within thirty (30) days, or is not in the process of being dismissed, (vii) you fail to meet your development obligations set forth in the Development Schedule, (viii) you fail to comply with any other material provision of this Agreement, or you or any of your Affiliates fail to comply with any other agreement you or they have with us or our affiliates and do not correct the failure within thirty (30) days after written notice of that failure is delivered

to the breaching party (except that if the failure to comply is third failure with any provision of any agreement that you or any of your affiliates have with us or an affiliate of ours within twelve (12) consecutive months, then we need not provide any opportunity to cure the default), or (x) we have delivered to you or any of your affiliates a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

## **11. RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate and all remaining rights granted to you to develop Centers under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees.

## **12. OWNERSHIP OF DEVELOPER**

Attached as Schedule "C" is a description of the legal organization of Developer (whether a corporation, limited liability company, partnership or otherwise), the names and addresses of each person or entity owning an interest in Developer, and the percentage of such interest owned by such person or entity. Developer agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Developer.

## **13. COST OF ENFORCEMENT**

If either party institutes or prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party will be entitled to recover from the losing party, in addition to any judgment, reasonable attorney's fees, court costs and all the prevailing party's expenses in connection with any action at law

## **14. NO WAIVER**

No failure, forbearance, neglect, or delay of any kind on the part of Franchisor for with the enforcement or exercise of any rights under this Agreement will affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage, or practice with regard to this Agreement by you, Franchisor or other Developers will preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement will constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time.

## **15. ENTIRE AGREEMENT**

This Agreement and all Exhibits constitute the entire understanding and agreement between you and Franchisor related to the subject matter hereof, and supersedes all prior understandings, whether oral or written, pertaining to this Agreement. You acknowledge and agree that no claims, representations or warranty of earnings, sales, profits, or success of the Centers to be developed hereunder have been made to you other than those set out in Item 19 of the Franchise Disclosure Document. No interpretation, change, termination, or waiver of any provision of this Agreement, and no consent or approval under this Agreement, will be effective or binding upon you or Franchisor unless in writing signed by you and Franchisor, except that a waiver needs to be signed only by the party waiving. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

## **16. SEVERABILITY**

If any term or provision of this Agreement or the application thereof to any person, property or circumstances will to any extent be invalid or unenforceable, the remainder of this Agreement will be unaffected and will remain in full force and effect and each term and provision will be valid and enforced as fully extent permitted by law.

## **17. GOVERNING LAW**

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) or other federal law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Developer (and/or any of our affiliates) and Developer will be governed by the laws of the State of Illinois, without regard to its conflicts of laws rule. This Agreement will become a valid and enforceable contract when we accept it and sign it in Illinois. Developer and Franchisor expressly agree that this Agreement has been made in the State of Illinois, that substantially all performance of the obligations hereunder has been and will be rendered in the State of Illinois, and that there is a regular stream of business activity between Developer and Franchisor from and into the State of Illinois.

## **18. DISPUTE RESOLUTION**

18.1 Mediation. All claims or disputes between Developer and Franchisor or their respective affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or any of the parties' respective rights and obligations arising out of this Agreement, must be submitted first to mediation prior to a hearing in binding arbitration (except as noted in Section 18.3 below). Such mediation will take place in the city of Franchisor's then-current headquarters under the auspices of the Judicial Arbitration and Mediation Services ("JAMS"), in accordance with the JAM's Commercial Mediation Rules then in effect. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Each party will bear their own costs of mediation and share equally the filing fee imposed by JAMS and the mediator's fees. We reserve the right to specifically enforce Franchisor's right to mediation. Prior to mediation, and before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies in detail, the precise nature and grounds of such claim or dispute.

18.2 Arbitration. If not resolved by mediation and except as qualified below, any dispute between Developer and Franchisor or their respective affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, must be submitted to binding arbitration in the city of Franchisor's then-current headquarters in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the Judicial Arbitration and Mediation Services ("JAMS") then in effect. Any arbitration must be on an individual basis and the parties, and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any proceedings involving their parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The Federal Arbitration Act, as amended, will govern the rights and duties of the parties to this Agreement to resolve any disputes by arbitration. The following will supplement and, in the event of a conflict, govern any arbitration: The matter will be heard before a single arbitrator from the JAM's list of arbitrators. The

arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least 5 years of significant experience in franchise law. Each party must bear its own costs of arbitration; provided, however, that the neutral or the single arbitrator's fee will be shared equally by the parties.

The arbitrator's award must be rendered within seven (7) days of the close of the hearing and will include all fees, costs, and attorneys' fees for Franchisor if Franchisor is the prevailing party. The arbitrator will have no authority to determine class action claims and will have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact or law may be given preclusive or collateral estoppel effect in any arbitration, except to the extent such issue may have been determined in another proceeding between the parties.

Judgment upon the award of the arbitrator must be submitted for confirmation to a court of general jurisdiction in a court of general jurisdiction in the county of Franchisor's then-current headquarters, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. The decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages, or (3) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business. This agreement to arbitrate will survive any termination or expiration of this Agreement.

18.3 Exceptions to Arbitration. Notwithstanding Section 18.2, the parties agree that the following claims will not be subject to arbitration:

(i) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder.

(ii) any claim of Franchisor of non-payment by Franchisee of any fee or other sum due by Developer to Franchisor.

18.4 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Developer must notify Franchisor within thirty (30) days after the discovery of the violation or breach and grant Franchisor reasonable opportunity to cure any alleged default. Failure to timely give such notice will preclude any claim for damages.

18.5 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Developer. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Developer must notify Franchisor within thirty (30) days.

18.6 Venue. Nothing contained in this Agreement will prevent Franchisor or Developer from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard such party's interests. In the event of any litigation arising out of this Agreement or based upon the relationship between the parties, venue for any such litigation shall be any court of general jurisdiction in the district of the United States District Court sitting in the county of Franchisor's then-current headquarters. Developer hereby accepts and submits to, generally and unconditionally, for itself and with respect to its property, the jurisdiction of any such courts in any such action or proceeding and hereby waives, to the greatest extent permitted by applicable law defenses based on jurisdiction, venue, or forum non conveniens. The provisions of this

Section 18.6 shall be self-executing and shall remain in full force and effect after the termination or expiration of this Agreement. Developer acknowledges that this Agreement has been entered into in the State of Illinois, and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters in Illinois, including but not limited to assistance, support, and the development of the System.

18.7 Franchisee hereby waives the right to obtain any remedy based on the alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.8 Waiver of Punitive Damages. Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Developer's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

18.9 Jury Trial Waiver. With respect to any proceeding not subject to arbitration, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Franchisee's purchase from Franchisor of the franchise and/or any goods or services.

## **19. NOTICES**

All notices and other communications provided for in this Agreement must be in writing and will be delivered in person or mailed by certified mail, or by Federal Express or U.S. Express Mail for overnight delivery if to you, at your address or, if to Franchisor at our address, 1645 Hicks Rd., Unit C, Rolling Meadows, IL 60008, Attention: Chief Executive Officer. Franchisor or you may change, by providing notice thereof in writing, the address to which future notices will be sent. Notices delivered in person will be deemed given when delivered and mailed notices will be deemed given three (3) days after mailing if by certified or other receipted mail, or one (1) day after mailing if by Federal Express or U.S. Express Mail. If you are a corporation, some other legal entity, or more than one (1) individual, then you will authorize one (1) natural person as correspondent with authority to bind you.

## **20. ACKNOWLEDGEMENTS**

**YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE AUMBIO SYSTEM AND RECOGNIZE THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF YOU AS AN INDEPENDENT BUSINESSPERSON. AUMBIO FRANCHISING, LLC EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT;**

**YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THIS AGREEMENT, AND THAT AUMBIO FRANCHISING, LLC HAS ACCORDED YOU AMPLE TIME AND**

**OPPORTUNITY AND HAS ENCOURAGED YOU TO CONSULT WITH ADVISORS, COUNSELORS, AND BOTH LEGAL AND FINANCIAL PROFESSIONALS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT;**

**YOU ACKNOWLEDGE THAT THE SUCCESS OF DEVELOPER IN OWNING AND OPERATING THE CENTER IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, DEVELOPER'S INDEPENDENT BUSINESS ABILITY. NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY FRANCHISOR OR ANY EMPLOYEE, BROKER, OR REPRESENTATIVE OF FRANCHISOR, TO INDUCE DEVELOPER TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED IN THIS AGREEMENT. NO EMPLOYEE, OFFICER, DIRECTOR, BROKER, OR REPRESENTATIVE IS AUTHORIZED TO DO OTHERWISE;**

**IN ALL OF ITS DEALINGS WITH FRANCHISOR, ITS EMPLOYEES, BROKERS (IF ANY), AND OTHER REPRESENTATIVES, EACH HAVE ACTED ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN DEVELOPER AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN DEVELOPER AND FRANCHISOR;**

**FRANCHISOR MAKES NO WARRANTY AS TO DEVELOPER'S ABILITY TO DEVELOP THE REQUIRED NUMBER OF CENTERS AS REQUIRED BY THIS AGREEMENT IN THE DEVELOPMENT AREA.**

This entire Agreement, including corrections, changes and all attachments and addendums, will only be binding upon Franchisor when executed or initialed by a member, director, or officer of Franchisor.

**(SIGNATURES CONTINUED ON FOLLOWING PAGE)**

WHEREFORE, Developer and Franchisor, intending to be legally bound, have duly executed, sealed and delivered this Agreement in duplicate.

DEVELOPER:

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

AumBio Franchising, LLC

By: \_\_\_\_\_

Kamil Czubacki

Its: President

Date: \_\_\_\_\_

**RIDER TO THE AUMBIO FRANCHISING, LLC  
MULTI-UNIT DEVELOPMENT AGREEMENT FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into on \_\_\_\_\_, 202\_\_\_\_ (the “Effective Date”) by and between **AumBio Franchising, LLC**, a limited liability company formed under the laws of the State of Illinois, with “us,” or, “our”), and \_\_\_\_\_, a \_\_\_\_\_ [corporation, limited liability company, general partnership, or limited partnership] formed under the laws of the State of \_\_\_\_\_, [or a sole proprietorship] with its principal business address at \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Multi-Unit Development Agreement dated \_\_\_\_\_, 202\_\_\_\_ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Development Agreement occurred in Illinois and the AumBio franchise that you will operate under the Development Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.
2. Illinois law governs the agreements between the parties to this franchise.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
10. Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.
11. 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 any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

AUMBIO Franchising, LLC, an Illinois limited liability company

By: \_\_\_\_\_  
Kamil Czubacki, Pres.

**FRANCHISE OWNER**

\_\_\_\_\_  
[Print Name of Franchise Entity]

By: \_\_\_\_\_  
[Signature of person signing  
on behalf of entity]  
Title of Signatory: \_\_\_\_\_

**SCHEDULE “A”**  
**DEVELOPMENT AREA and DEVELOPMENT FEE**

**Development Area:**

**Development Fee:**

DEVELOPER:

By: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:  
AumBio Franchising, LLC

By: \_\_\_\_\_  
Kamil Czubacki , Pres.

Date: \_\_\_\_\_

**SCHEDULE B**  
**DEVELOPMENT SCHEDULE**

There shall be open for business to the general public and operating the indicated number of AumBio Centers within the Development Area by the dates indicated below:

<b>Year</b>  (12 Months Commencing on Date of Agreement)	<b>Franchises Open by End of Year</b>	<b>Cumulative Number of Centers to be Open and Operating</b>
1		
2		
3		

**FRANCHISOR:**  
**AUMBIO FRANCHISING, LLC**

**DEVELOPER:**

By: \_\_\_\_\_  
Kamil Czubacki, Pres.

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE “C”**

**LEGAL ORGANIZATION OF DEVELOPER**

**EXHIBIT “D”**

**FINANCIAL STATEMENTS**

**AUMBIO FRANCHISING, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**AUMBIO FRANCHISING, LLC**  
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<b>Statement of Cash Flows</b>	<b>Page 5</b>
<b>Footnotes</b>	<b>Page 6</b>

## **MUHAMMAD ZUBAIRY, CPA PC**

Certified Public Accountant

646.327.7013

### **INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Aumbio Franchising, LLC**

#### **Opinion**

We have audited the financial statements of Aumbio Franchising, LLC. "The Company" which comprise the balance sheet as of December 31, 2024 and 2023, and the related statements of operations, and changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Aumbio Franchising, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 Aumbio Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Aumbio Franchising, LLC 's ability to continue as a going concern for a reasonable period of time.

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



Muhammad Zubairy, CPA PC  
Westbury, NY  
March 12, 2025

**AUMBIO FRANCHISING, LLC**  
**BALANCE SHEETS**

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	<u>ASSETS</u>	
	<u>YEARS ENDED DECEMBER 31</u>	
	<u>2024</u>	<u>2023</u>
<b>Current Assets</b>	<u>\$ —</u>	<u>\$ 88</u>
<b>Total Assets</b>	<u>\$ —</u>	<u>\$ 88</u>
<b><u>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</u></b>		
<b>Current Liabilities</b>		
Bank overdraft	<u>\$ 9</u>	<u>\$ —</u>
<b>Members' Equity (Deficit)</b>	<u>(9)</u>	<u>88</u>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<u>\$ —</u>	<u>\$ 88</u>

See notes to financial statements

**AUMBIO FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)**

---

	YEARS ENDED DECEMBER 31	
	<u>2024</u>	<u>2023</u>
<b>Revenues</b>	\$ —	\$ —
<b>Operating Expenses</b>	<u>97</u>	<u>12</u>
<b>Net (Loss)</b>	(97)	(12)
<b>Members' Equity (Deficit) - Beginning</b>	88	—
<b>Member's Contribution (Distributions)</b>	—	100
<b>Members' Equity (Deficit) - Ending</b>	<u><u>\$ (9)</u></u>	<u><u>\$ 88</u></u>

---

See notes to financial statements

**AUMBIO FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ (97)	\$ (12)
Adjustments to reconcile net income to cash provided by operating activities:		
Changes in assets and liabilities;	<u>(97)</u>	<u>(12)</u>
<b>Cash Flows from Financing Activities:</b>		
Members' contribution (distributions)	<u>—</u>	<u>100</u>
Net Increase (Decrease) in Cash	(97)	88
Cash - Beginning of Year	<u>88</u>	<u>—</u>
<b>Cash (Bank Overdraft)- End of Year</b>	<b>\$ (9)</b>	<b>\$ 88</b>

See notes to financial statements

**AUMBIO FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. THE COMPANY**

Aumbio Franchising, LLC, is a Illinois limited liability company formed during August 2023. The Company provides an opportunity to own and operate wellness center that offers innovative approach to holistic wellness system designed Aumbio

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents and franchisee accounts receivable. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

**Use of Estimates**-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Income Taxes**- The Company's entity was organized as a limited liability company. Accordingly, under the internal revenue code, all taxable income or loss flows through to its members'. Therefore, no income tax expense or liability is recorded in the accompanying financial statements.

**3. REVENUErecognition**

The Company records revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commission paid for franchises are amortized over the life of the franchise agreement. The company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting with January 13, 2020.

**4. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements through March 12, 2025, the date the financial statements were available to be issued.

**EXHIBIT “E”**

**LIST OF CURRENT FRANCHISEES**

**NONE**

**FRANCHISEES THAT LEFT THE SYSTEM IN THE 12 MONTHS PRIOR TO  
DECEMBER 31, 2024**

**NONE**

**EXHIBIT “F”**  
**OPERATIONS MANUAL TABLE OF CONTENTS**

<b>Manual Section</b>	<b>Number of Pages</b>
Preface & Introduction & Getting Started	35
Staffing and Training	15
Safety	5
Operations	26
Customer Service	2
Marketing	19
Financial Management	10
Technology	7
Conclusion	2
<b>Total Number of Pages</b>	<b>121</b>

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
Illinois	Pending
Wisconsin	

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

## **EXHIBIT “G”**

### **RECEIPT**

**(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document carefully.

If AumBio Franchising, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with us or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, Oklahoma, Rhode Island or South Dakota law, if applicable, we must provide this disclosure document to you at your 1<sup>st</sup> personal meeting to discuss the franchise. New York requires that you receive this Franchise Disclosure Document at the earlier of the first personal meeting or 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 AumBio Franchising, 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, D.C. 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: Kamil Czubacki 1645 Hicks Rd., Unit C, Rolling Meadows, IL 60008 847-358-5858

Issuance Date: March 19, 2025.

See Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated March 19, 2025 that included the following Exhibits:

- A State Administrators and Agents for Service of Process by State
- B AumBio Franchising, LLC Franchise Agreement
- C Multi-Unit Development Agreement
- D Financial Statements
- E List of Franchisees
- F Operations Manual Table of Contents
- G Acknowledgement of Receipt by Prospective Franchisee

---

Date

Signature

---

Printed Name

---

Date

Signature

---

Printed Name

**RECEIPT**  
(Your Copy)

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Date

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Signature

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Printed Name

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Date

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Signature

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Printed Name