

FRANCHISE DISCLOSURE DOCUMENT

PHARMACONIC FRANCHISING INC
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The franchisee will operate a retail pharmacy business that provides prescription and over-the-counter medications, health and beauty aids and other personal care items.

The total investment necessary to begin operation of a Pharmaconic franchise ranges from \$302,000 to \$415,000. This includes \$50,000 that must be paid to the franchisor or an affiliate.

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

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

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Pharmaconic business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be Pharmaconic franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

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

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

PHARMACONIC FRANCHISING INC
Franchise Disclosure Document

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Pharmaconic Franchising Inc, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Pharmaconic franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a corporation in the State of New York on October 7, 2020. Our principal business address is 1566A Union Turnpike, New Hyde Park, New York, 11040, and our telephone number is 347-389-5826. We do business under our company name, “Pharmaconic” and its associated design (the “Marks”). Our affiliate, Pharmaconic Brands Inc, has registered, or has filed for registration, our primary service marks on the Principal Register of the United States Patent and Trademark Office. We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the “Pharmaconic” Marks. We began offering franchises in May 2021.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have no predecessor company.

Our parent is Pharmaconic Inc, a New York corporation, incorporated on August 13, 2020. Pharmaconic Inc’s principal place of business is 1566A Union Turnpike, New Hyde Park, New York, 11040.

We have an affiliated company, Pharmaconic Brands Inc, a New York corporation, with a principal place of business at 112-28 69th Avenue, Forest Hills, New York, 11375. Pharmaconic Brands Inc was formed on October 8, 2020, and is the owner of certain of our Marks and has exclusively licensed use of the Marks to us.

We have a second affiliated company, Envision Business Solutions LLC, a Florida limited liability company, with a principal place of business at 118-21 Queens Boulevard, Suite 608, Forest Hills, New York, 11375. Envision Business Solutions LLC was formed on April 19, 2018, and provides pharmacy consultant services, including securing licensing and insurance and vendor contracts, for our corporate outlets, franchisees, and other businesses.

We have a third affiliated company, Quantum Health Group LLC, a New York limited liability company, with a principal place of business at 118-21 Queens Boulevard, Suite 608, Forest Hills, New York, 11375. Quantum Health Group LLC was formed on December 14, 2015, and is a group purchasing organization. Quantum Health Group LLC negotiates and secures contracts for the purchase of pharmaceutical products and services on behalf of our corporate outlets, franchisees and other pharmacy businesses.

Pharmaconic Inc, Pharmaconic Brands Inc, Envision Business Solutions LLC and Quantum Health Group LLC have not offered franchises in this or any other line of business previously.

Through our affiliates we have operated Pharmaconic pharmacies in New York since 2021. Additionally, through our affiliates, we have provided pharmacy consulting and procurement services to independent pharmacies in the State of New York since 2015. Our owner, Stanislav Zavulunov, operated two independent pharmacies in Forest Hills, New York, for 11 years.

The Franchise Offered:

We offer franchises for the right to operate a retail pharmacy business that provides prescription and over-the-counter medications, health and beauty aids, and other personal care items. All services and products are offered under the Pharmaconic Marks, using our distinctive operating procedures and standards in a designated territory (the "Franchised Business"). The distinguishing characteristics of the Franchised Business include, but are not limited to, our distinctive and uniform trade dress standards, and standards for management, training, and operations, inventory control, and marketing, all of which may be changed, improved or further developed by us at any time (the "System").

Market and Competition:

The market for products and services offered by the retail pharmacy is well established and highly competitive. Our goods and services are purchased by all members of the general public, but because of the nature of this business and because of the gradual aging of the nation's population, elderly persons will make up a disproportionate part of the customer base. You will compete with other franchised and chain pharmacies and drug stores, pharmacy benefit managers, mail order and internet pharmacies, independent pharmacies and drug stores, and department stores and discount stores that may offer prescription and nonprescription medicines, vitamins, supplements and personal care items.

Industry Specific Regulations:

At all times during the operation of your Franchised Business, your pharmacists must have current licenses and be in good standing within the territory where your Franchised Business is located. Your pharmacists must attend all required continuing education or training programs to maintain their pharmacy license as required by state law. Your Franchised Business must obtain all other required licenses and registrations, which includes but is not limited to, registrations with your State Board of Pharmacy, U.S. Drug Enforcement Administration, National Plan and Provider Enumeration System, and National Council for Prescription Drug Programs.

Your Franchised Business must apply to become a provider with all major Pharmacy Benefit Managers (PBM's) along with Medicare and state Medicaid. You must carry all applicable insurance policies, which are described in Item 7, footnote 12.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, and employment laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission.

You must comply with all local, state and federal laws regarding the sale of prescription drugs, listing of chemicals and controlled substances, drug advertising, and patient counseling and safety.

The Franchised Business is, or may, also be subject to the federal and state specific health care laws. These laws include, but are not limited to:

- Health Insurance Portability and Accountability Act (HIPAA), as amended by Health Information Technology for Economic and Clinical Health (HITECH) Act, which sets standards for privacy of individuals' health information. You must comply with HIPAA and HITECH Act provisions, specifically including those related to protected health information and the requirement for business associate agreements. HIPAA and HITECH require health care providers, non-medical personal care providers, and others to keep patient health care information confidential and only disclose such information to third parties when requests are properly submitted. Under HIPAA and HITECH, your Franchised Business is a "covered entity", and you must ensure the privacy and security of your clients' health care information with any "business associate", such as service providers, attorneys, and third-party insurance billing companies. We are also a "business associate", and you are required to enter into a business associate agreement with us, which is included in this Disclosure Document in Exhibit B as Attachment 10 to the Franchise Agreement. Many states also have laws regulating the privacy and security of patient health care information. These state laws may impose further restrictions on obligations related to the privacy and security of such information.
- Fee-splitting prohibitions, which bar health care providers from splitting professional fees with non-licensed individuals or entities for such health care service. You are responsible for determining and complying with any fee-splitting prohibition in your state;
- Federal and State False Claims Acts, which prohibit the submission of fraudulent or false claims or medical records in connection with billing and reimbursement.

There may be other federal, state and local laws which affect your Franchised Business in addition to those listed here. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business. We strongly recommend that you consult legal counsel before signing a Franchise Agreement.

ITEM 2: BUSINESS EXPERIENCE

President: Stanislav Zavulunov, R.Ph

Stanislav has served as our President since our corporation's inception. Stanislav is the founding owner of our parent, Pharmaconic Inc, and is also the owner of our affiliates, Envision Business Solutions LLC and Quantum Health Group LLC, since their formations in 2018 and 2015, respectively. Stanislav was the owner and pharmacist of Continental Pharmacy Inc. in Forest Hills, New York, from 2011 to 2015.

ITEM 3: LITIGATION

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

We will charge you an initial franchise fee of \$30,000, which is fully earned by us and due in a lump sum when you sign the Franchise Agreement. The initial franchise fee is not refundable under any circumstances.

From time to time, we may offer special incentive programs as part of our franchise development activities. We have the right to offer, modify or withdraw any incentive program without notice to you.

You must retain the consulting services of our affiliate, Envision Business Solutions LLC, to secure required licensing, DEA, NPI and NCPDP numbers, private and public health insurance contracts, including applications to Medicare and Medicaid, and vendor contracts. Our affiliate will charge you \$20,000 for these services, which is payable upon signing the Franchise Agreement and is non-refundable.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	\$900 or 3% of Gross Revenue, whichever is greater	On or before the 5 th day of the month	Payable to us. See footnote 1.
Required Minimum Expenditure for Local Marketing and Advertising	\$300	Monthly	Payable to third-party suppliers. All advertising must be approved by us. See Item 11. See footnote 2
Brand Fund Contribution	\$200 or 1% of Gross Revenue, whichever is greater	On or before the 5 th day of the month	Payable directly to the Brand Fund. This fee is subject to increase but will not exceed 3% of Gross Revenue.
Advertising Cooperative	Pro rata share of actual cost of cooperative advertising	As determined by cooperative.	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Pharmaconic outlets in a designated geographic area, or

Type of Fee	Amount	Due Date	Remarks
			we may establish a national cooperative comprised of all franchised Pharmaconic outlets. Our affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion. See footnote 3.
Technology Fees	As we determine.	As we determine.	Currently, no Technology Fee is imposed. We have the right to impose a fee for software license or maintenance, website hosting and maintenance, franchisee web portal access, or other technology services we may provide.
Late Charge	\$75	As incurred	If you fail to pay us the Royalty Fee, Brand Fund Contribution Fee, or if you fail to submit your Gross Revenue report when due, we may charge you \$75 for each late submission in addition to interest charges explained below.
Interest Charge	18% per annum from due date, or maximum allowed by law	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-Sufficient Funds Fee	\$100	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you this fee.
Successor Agreement Fee	10% of the then-current initial franchise fee	Before signing successor agreement	Payable to us. See Item 17.
Relocation Fee	\$10,000	Upon our consent for you to relocate your Franchised Business	If you relocate, you will be required to retain the services of our affiliate to file supplemental notices and applications with insurance and regulatory agencies.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	<p>75% of the then-current initial franchise fee;</p> <p>50% of the then-current for transfer to an existing franchisee in good standing;</p> <p>\$1,500 for transfers to an entity (for convenience) or among owners or to add an owner to an entity where management control of the franchisee entity does not change;</p> <p>\$3,500 to a spouse, parent or child upon death or permanent disability of franchisee</p>	Upon approval of the transfer	Payable to us. See Item 17
Interim Management Fee	<p>Our then-current weekly fee</p> <p>Current fee = \$1,500</p>	As incurred.	We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee and Brand Fund Contributions), payable to us, if we provide interim management of your Franchised Business due to lack of manager, default, death or disability.
Initial Training	No fee for attendance of up to two people to take the Initial Management Training Program prior to opening the Franchised Business.	Before attendance. Travel and related expenses are due as incurred.	Initial training takes place in Long Island, New York. You must also pay the incidental costs of attendance, which include but are not limited to, airfare, transportation, hotel and food costs for all trainees. Incidental costs are payable to third-party suppliers. Fees for additional or subsequent trainees are payable to us.

Type of Fee	Amount	Due Date	Remarks
Additional Training	A reasonable fee for all mandatory and/or optional training programs. You pay all travel and other related expenses incurred by you and your personnel to attend training.	As incurred.	See footnote 4.
Remedial Training Fee	Our then-current trainer per diem rate plus expenses Current trainer per diem rate = \$500	As incurred.	We may impose this fee, payable to us, if you request additional training in your territory from time-to-time, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Examination of Books and Records	Cost of examination plus related expenses	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns. You must pay all amounts owed, with interest, on unstated amounts. If an examination reveals that you have understated any Gross Revenue report by 2% or more, you must reimburse us for the cost of the audit.
Evaluation Fee	Actual cost of inspection and testing of a proposed item or vendor.	As incurred.	Payable to us. See footnote 5.
Quality Review Services	Varies	As incurred	Payable to third-party providers. See footnote 6.
Liquidated Damages	Up to 24 months of Royalty Fees and Brand Fund Contributions	Upon termination of the Franchise Agreement due to your default.	If your Franchise Agreement is terminated due to your default, you must pay us the average monthly Royalty Fee and Brand Fund Contribution payable by

Type of Fee	Amount	Due Date	Remarks
			you for the 12 months prior to your default multiplied by 24 months or the number of months remaining in the term of your Franchise Agreement, whichever is less.
Indemnification	Amount of loss or damages plus costs	As incurred.	See footnote 7.
Damages, Costs and Expenses for Non-compliance	Actual damages, costs and expenses	As incurred.	See footnote 8.
Insurance Reimbursement	Amount paid by us for your insurance obligations, plus a 10% administrative fee	As incurred	
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

All fees and expenses described in this Item 6 are non-refundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

¹ "Gross Revenue" includes all revenues and income from any source derived, invoiced or received, by you from, through, by or on account of the operation of the Franchised Business whether invoiced only or received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (a) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (b) properly documented refunds to customers, or (c) properly documented promotional discounts (i.e., coupons). At our request, you must execute documents that allow us to automatically take the Royalty Fee from business bank accounts via electronic funds transfers. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

² Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter.

³ You may be required to contribute up to one-half of your local advertising expenditure to an advertising cooperative, if one is established. This contribution is in addition to your required contributions to the Brand Fund. Any contributions made by you to the advertising cooperative will be credited against your required expenditures for local advertising. Each outlet in the cooperative, whether franchised or affiliate-owned, will have one vote to determine any fees or other requirements imposed by the advertising cooperative.

⁴ We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training for up to five days per year, at a location we designate, and online training no more often than once per month. We may also require you to attend a national business meeting or annual convention for up to three days per year, at a location we designate. We have the right to impose a reasonable fee for all additional training programs, including the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

⁵ If you wish to purchase, lease or use any, equipment, supplies, services or other items from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier's facilities and evaluation and testing of the proposed item or service. We have the right to charge you a fee equal to our actual cost of any inspection and testing.

⁶ We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, customer satisfaction surveys and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

⁷ You must indemnify and hold us, our parent and affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

⁸ If you breach the Franchise Agreement, you must pay us all damages, costs and expenses, including reasonable attorneys' fees, we incur in obtaining any remedy, injunctive or other relief to enforce the provisions of the Franchise Agreement.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$30,000	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement	Us
Your Training Expenses ²	\$1,000 - \$5,000	As required	As required	Suppliers of transportation, lodging & meals
Rent deposits ³	\$5,000 - \$15,000	As required	As required	Landlord
Utilities Deposits ⁴	\$0 - \$1,000	As required	As required	Utility providers
Designer	\$10,000 - \$13,000	As required	Before opening, as required	Supplier
Leasehold Improvements, Construction and/or Remodeling ⁵	\$60,000 - \$80,000	As required	Before opening, as required	Suppliers, contractor and/or Landlord
Furniture and Fixtures ⁶	\$40,000 - \$60,000	As required	Before opening	Suppliers
Signage	\$8,000 - \$10,000	As incurred	Before opening	Suppliers
Consultant Services	\$20,000	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement	Our affiliate
Licenses and Permits ⁸	\$5,000 - \$7,000	As required	Before opening, as required	Government Agencies
Computer Systems ⁹	\$12,000 - \$15,000	As required	Before opening	Suppliers
Initial Inventory to Begin Operating ¹⁰	\$30,000 - \$50,000	As required	Before opening	Suppliers
Professional Fees ¹¹	\$2,000 - \$3,000	As required	As incurred	Attorney, Accountant, Other Professional Service Providers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Grand Opening Advertising	\$2,000 - \$3,000	As required	As required	Suppliers
Insurance - semi-annual ¹²	\$2,000 - \$3,000	As required	Before opening	Insurer
Operating Expenses/Additional Funds – First three to six months ¹³	\$75,000 - \$100,000	As incurred	Payroll weekly, other purchases according to agreed-upon terms	Employees, suppliers, etc.
TOTAL	\$302,000 - \$415,000			

¹ Please see Item 5 for information on incentive programs that may offer a discount on the initial franchise fee.

² The cost of the Initial Management Training Program for up to two people is included in the initial franchise fee. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the initial franchise fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is one week. This estimate does not include employee wages.

³ Your Franchised Business must operate from a commercial business location, with a minimum of 800 to 3,000 square feet of space. Real estate costs vary widely from place to place. Most landlords require a security deposit of at least one month's rent. You may also incur real estate broker fees, additional prepayments (e.g., first and./or last month's rent), common area maintenance fees, real estate taxes and insurance costs, or other costs, depending on the terms of your lease.

⁴ Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

⁵ This estimate is for the costs for improvements to your Franchised Business location without a tenant improvement allowance from the landlord. We have based our estimates on the historical experience of our affiliate. These estimates are applicable to a site with existing heating/cooling delivery systems. We do not anticipate that you will need the services of an architect or engineer. If your landlord or the municipality where your Franchised Business is located requires these services, your leasehold improvement costs will be higher.

⁶ The furniture and fixtures required for your Franchised Business include register

counters, over-the-counter area shelving, drug bays, and prescription counters.

⁷ Consulting services includes assistance with required licensing, DEA, NPI and NCPDP numbers, private and public health insurance contracts, including applications to Medicare and Medicaid, and vendor contracts.

⁸ You are responsible for application fees to licensing agencies and insurance companies. These are not included in the fees for consulting services.

⁹ Your office equipment includes the computer systems and software we require for use in your Franchised Business. This estimate includes the cost of software license fees for up to six months. You will also need incidental office supplies such as printing paper, writing implements, forms and stationery. You must also have internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of revenue information and client communication. We have the right to change your requirements for computer hardware and software at any time.

¹⁰ This estimate is for an initial inventory of beauty products, health care products, pharmaceutical prescription and over-the-counter products and other personal items, sundries and merchandise held for resale.

¹¹ In addition to the consulting services, you may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any other contracts that you will enter into as part of starting your Franchised Business.

¹² We estimate that you will have to pay your insurance carrier or agent the full annual premium in advance. Insurance costs and requirements may vary widely in different localities. The estimate is for one year of liability insurance coverage.

¹³ This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three to six months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as initial payroll and payroll taxes, Royalties (as described in this disclosure document), Brand Fund Contributions, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses.

We relied upon the experience of our affiliate to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Franchised Business. Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period.

We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer. We cannot estimate or guarantee when, or whether, any individual franchisee will achieve positive cash flow or profits.

We do not offer direct or indirect financing to franchisees for any items included in this section.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meets our standards and requirements. You must purchase all inventory, equipment, computer systems and certain software from our designated suppliers and contractors or in accordance with our specifications.

We maintain written lists of approved items of equipment, fixtures, inventory and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We update these lists periodically and issue the updated lists to all franchisees.

You must use the services of our affiliate, Envision Business Solutions LLC, a pharmacy consultant, to secure the required licenses, registrations, and insurance and vendor contracts to open and operate your Franchised Business. You will sign a consultant agreement with Envision Business Solutions LLC which is attached to this Disclosure Document as Exhibit C. Envision Business Solutions LLC is the sole approved supplier of these services.

You must purchase certain pharmaceutical products and services through our affiliate, Quantum Health Group LLC, a purchasing organization. You will sign a Member Agreement with Quantum Health Group LLC which is attached to this Disclosure Document as Exhibit D. Quantum Health Group LLC is the sole approved supplier of these items.

As of the date of this Disclosure Document, neither Envision Business Solutions LLC nor Quantum Health Group LLC has received any revenue from purchases required by franchisees.

Our owner, Stanislav Zavulunov, is also the owner of Envision Business Solutions LLC and Quantum Health Group LLC.

If Envision Business Solutions LLC determines that the services of a lawyer are necessary to secure your licenses, registrations, and/or insurance and vendor contracts, you are required to use a lawyer we designate. As of the date of this Disclosure Document, Law Offices of Olga Iskhakova PC is the only approved lawyer for these services.

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its

product or service and such other information that we may require. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We have the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge you a fee equal to our actual cost and expense of inspection and testing.

During our fiscal year ended December 31, 2023, we did not receive any revenue from franchisee required leases or purchases. Other than purchases from Envision Business Solutions LLC and Quantum Health Group LLC, we currently do not receive any revenue, rebates, discounts or other material consideration from any suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we have the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. The minimum insurance required is comprehensive general liability insurance, including coverage for personal and advertising injury and professional liability, in the amount of at least \$1,000,000 per occurrence and \$3,000,000 in the aggregate, or such higher amount as required by state laws; property and casualty insurance in an amount of at least \$1,000,000 per occurrence and \$3,000,000 in the aggregate; automobile insurance in the amount of at least a combined single limit for bodily and property damage of at least \$1,000,000, or greater if required by state law; statutory worker's compensation insurance in the limits required by state law; and employer's liability insurance of a minimum of \$1,000,000 per incident and a commercial crime bond of at least \$10,000. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us, and our respective officers, directors, partners, agents and employees as additional insured parties, and contain a waiver of the insurance company's rights of subrogation against us. We have the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 30% of

your costs to establish your Franchised Business and approximately 75% of your costs for ongoing operation.

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 this Disclosure Document.

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	11
b. Pre-Opening Purchase/Leases	8.2, 8.3, 8.4, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.1, 8.2	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.4	11
f. Fees	5.2.5, Article 6, 7.4, 7.5, 11.4.3, 12.3.7, 12.6, 13.2, 13.3.1, 15.6, 16.4, 18.1.4, 18.1.5, 18.1.8, 19.1.5	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 11.4, Article 12, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.4, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.1.2, 12.6	8, 16
j. Warranty and Customer Service Requirements	Not Applicable	Not Applicable
k. Territorial Development and Sales Quotas	3.2, 13.2	12
l. Ongoing Product/Service Purchases	12.1.4	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.1, 12.3.1	11
n. Insurance	Article 15	7

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
o. Advertising	Article 13	6, 11
p. Indemnification	12.4, 12.5, 15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.5, 12.5	11, 15
r. Records/Reports	12.2	6
s. Inspections and Audits	12.1.8, 12.2.5, 12.9	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty	11.3, Attachment 8	15

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf.

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

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

- a. designate the boundaries of your territory and approve your pharmacy location. You must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within 15 business days, either accepting or rejecting the proposed site. We consider the general location, neighborhood and demographic characteristics of the area when approving a site. If you do not identify a site that meets our approval within 90 days of signing the Franchise Agreement, you will be in default under the Franchise Agreement and we can terminate the franchise. We will not own and/or lease a site to you. You are responsible for negotiating a

purchase or lease with the owner of a site we approve. (Franchise Agreement, Section 8.1, 10.1).

- b. provide the Pharmaconic Operations Manual (the “Manual”) and other manuals and training aids we designate for use in the operation of your Franchised Business, as they may be revised from time to time (Franchise Agreement, Section 10.2).
- c. provide, through our affiliate and at your expense, consultation and assistance to secure required licensing, private and public health insurance contracts, including applications to Medicare and Medicaid, and vendor contracts (Franchise Agreement, Sections 8.3 and 10.3).
- d. provide written specifications of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business and approved suppliers of these items. We do not directly provide, deliver or install any of these items on your behalf. (Franchise Agreement, Sections 10.5).
- e. provide you with initial training at our headquarters and/or an affiliated outlet in Long Island, New York. We will determine, in our sole discretion, whether you satisfactorily complete the initial training (Franchise Agreement, Section 7.1).
- f. provide you with samples or digital artwork of advertising and promotional materials for your initial marketing activities (Franchise Agreement, Section 10.4).
- g. execute a business associate agreement with you, as required by HIPAA and HITECH (Franchise Agreement, Section 8.4).

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is 210 days. Factors that may affect this time period include your ability to acquire license and permits, completion of required training and secure and outfit your commercial office. If you have not opened your Franchised Business within 210 days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.4).

3. Obligations After Opening

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to five days each year at a location we designate and attend an annual business meeting or franchisee conference for up to three days each year at a location we designate, or online training sessions conducted no more than one day per month. Failure to attend mandatory additional training or an annual business meeting or conference or participate in online training is a default of the Franchise Agreement. We have the right to impose a reasonable fee for tuition and/or

attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.3).

- b. upon your request, or as we determine to be appropriate, provide remedial in-territory training and assistance. For any in-territory training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.4).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.5).
- d. from time to time, as may become available, provide you with samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 10.4).
- e. maintain the Pharmaconic website with a link to your Franchised Business location. (Franchise Agreement, Section 12.3.6).
- f. provide you with any recommended or required products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.5).
- g. subject to applicable law, provide minimum and maximum prices for the services and products offered by your Franchised Business. You may provide your Franchised Business services and products at any price within our parameters. (Franchise Agreement, Section 12.5).
- h. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

4. Advertising

Local Advertising (Franchise Agreement, Sections 13.2 and 13.6)

We require you to spend at least \$2,000 in opening advertising and promotional activities during the 60 days following the opening of your Franchised Business. For each month after that opening timeframe, you are required to spend at least \$300 on local advertising. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within ten business days; however, if we do not respond within ten business days, the proposed advertising or marketing material is deemed "disapproved".

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on internet search engines. If feasible, you may do cooperative advertising with other Pharmaconic franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube, Instagram, TikTok, or any other social media and/or networking site without our prior written approval.

System-wide Brand Fund (Franchise Agreement, Section 13.3)

Each month you are required to contribute to the Brand Fund (the "Fund") \$200 or 1% of your Gross Revenue, whichever is greater. We have the right to increase the required Fund contribution to no more than 3% of your Gross Revenue per month. Each Pharmaconic outlet operated by our affiliate or us may contribute to the Fund, in our discretion, but has no obligation to do so.

The Fund is administered by our accounting and marketing personnel. We may use Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Fund contributions to pay our costs (including staff salaries and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Fund.

The Fund will not be used to defray any of our other general operating expenses. Fund contributions will not be used to solicit new franchise sales; provided however, we have the right to include "Franchises Available" or similar language and contact information in advertising produced with Fund contributions. The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

The Fund collects and expends the Fund contributions for the benefit of the System as a whole. We have the right to use the Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the territory where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Fund.

The Fund is not audited. An annual unaudited financial statement of the Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year.

No Fund contributions were required, made, or expended in our last fiscal year ended December 31, 2023. Although the Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Fund, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

Regional Advertising (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Pharmaconic outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Pharmaconic outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents.

If we establish a regional advertising fund or cooperative, you must contribute amounts we require. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against your required expenditures for local advertising.

Advertising Council (Franchise Agreement, Section 9.5)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and studio profitability. We have the right to change or dissolve the council at any time.

5. Computer Systems (Franchise Agreement, Section 12.3)

You are required to have an internet-capable laptop or desk-top computer and accessories that can operate the latest versions of software and computer platforms we require, which

currently include the following applications and hardware developed by Micro Merchant Systems:

- PrimeRx – a pharmacy management system which performs a variety of functions, such as patient and provider data management, inventory management, prescription processing, and claims processing;
- PrimePOS – a point-of-sale system for pharmacy and non-pharmacy transactions;
- PrimeDelivery – wireless delivery software;
- PrimeESC – an electronic signature capture system; and
- PrimeShipping – integrates data with delivery service companies.

You must purchase the required computer hardware and software at your expense. The cost of purchasing the required hardware and software is approximately \$12,000. The current software access fees are approximately \$300 to \$350 per month and are subject to increase.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems. We may in the future modify or establish other sales reporting systems, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense. You will be required to upgrade your computer hardware and software to be compliant with HIPAA or other security mandates as required by regulation, law or your pharmacy systems/POS vendor.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our System requirements. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict. You are responsible to protect data that you collect that is stored or transmitted in accordance with HIPAA, HITECH and industry standards.

We retain the right to have remote and independent access to your revenue information and client data generated by and stored in your computer system. There are no contractual limitations on our right to have full access to this information, although our right to certain client information is subject to the requirements of the Health Insurance Portability and Accountability Act. You are required to enter into a business associate agreement with us, which is included in this Disclosure Document in Exhibit B as Attachment 10 to the Franchise Agreement. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored in your computer system.

6. Table of Contents of Operations Manual

The Table of Contents of our Manual, current as of the date of this Disclosure Document, is attached as Exhibit F. The Manual has a total of 178 pages.

7. Training (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) must complete our one-week "Initial Management Training Program", to our satisfaction, at least one week before opening your Franchised Business. We will train you at our headquarters and/or our affiliate outlet in Long Island, New York.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Use of the Manual	2	2	Long Island, NY
Tour of the location	2	0	Long Island, NY
Pre-Opening Procedures	4	2	Long Island, NY
Personnel Issues	2	2	Long Island, NY
Advertising	2	0	Long Island, NY
Management Procedures	2	2	Long Island, NY
Franchise Reporting Requirements	2	2	Long Island, NY
Accounting/Record keeping	2	2	Long Island, NY
Customer Service Procedures	4	2	Long Island, NY
Information Procedures	2	2	Long Island, NY
Inventory management	2	2	Long Island, NY
Protocols for processing and Dispensing prescription orders	2	1	Long Island, NY
Delivery protocols	2	1	Long Island, NY
Protocols for controls dispensing data submission	1	1	Long Island, NY
Totals	31	21	

We periodically conduct our Initial Management Training Program throughout the year, as needed. Training of all subjects will be provided by or under the direction of our founder Stanislav Zavulunov, R.Ph. Stanislav oversees all aspects of the Pharmaconic brand operations, including service methods and techniques, sales, marketing, brand development, technology and process management. Stanislav has vast experience in operating retail pharmacies, having owned and operated two such pharmacies from 2004 through 2015.

Our training materials consist of our Manual. You may not commence operation of the Franchised Business unless and until we determine that you have successfully completed the Initial Management Training Program.

The cost of our instructors and training materials for up to two people is included in the initial franchise fee. You must pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel. Our current fee to provide initial training to any additional trainees is \$500 per person.

If you do not complete our Initial Management Training Program to our satisfaction, we have the right to terminate the Franchise Agreement.

We have the right to charge a reasonable fee to provide initial training in Valley Stream, New York, to any manager you appoint, with our approval, after the initial opening of your Franchised Business. Our current fee to provide initial training to any approved manager is \$500 per person. You must also pay your manager's travel and personal expenses.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs that we offer for up to three days each year, and an annual conference or national business meeting for up to three days each year, at a location we designate. You must also participate in online training sessions, which will take place no more than one day per month. Failure to attend mandatory training, including an annual conference or business meeting is a default under the Franchise Agreement. We have the right to impose a reasonable fee for tuition and/or attendance, not to exceed \$1,000 per person per year, for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12: TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one Pharmaconic outlet within a limited protected territory (the "Territory"). Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a marked map and/or list of one or more contiguous zip codes. The Territory is determined on an individual basis taking into account demographics, minimum numbers of households, and population. Your Territory will be a minimum of a 1/2-mile radius around your pharmacy outlet. Your Territory will be defined and attached to your Franchise Agreement as Attachment 2. If you do not yet have a location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area listed in Attachment 2 instead.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Pharmaconic outlet or grant the right

to anyone else to open a Pharmaconic outlet within the Territory. Even though we grant you this limited protection, we retain all rights not expressly granted in the Franchise Agreement. For example, we have the right to offer (a) other services and products not offered under the Marks, (b) ancillary services and products under the Marks or other trademarks to competitive brands, and (c) products and services through Alternative Distribution Channels, as described below. We also have the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the term of your Franchise Agreement.

There is no market penetration or other contingency that will affect your limited protected right to operate in your Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

The Franchise Agreement entitles you to operate only at and from one location within your Territory. You may not change the location of your Franchised Business, except with our consent and in accordance with the requirements of Section 8.5 of the Franchise Agreement. If we consent, your relocation is conditioned on (a) payment of a relocation fee of \$10,000, (b) opening the replacement premises with 180 days, (c) retaining the services of our affiliate to notify licensing entities, insurance companies and vendors of the relocation and to confirm continued effectiveness of licenses, registrations and contracts, and (d) removal of all signs or other property from the original Franchised Business premises.

The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories. We may, but have no obligation to, consider granting to you the right to establish additional Pharmaconic outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Pharmaconic outlet in an area and at a location we approve.

We have the right to use means other than a dedicated Pharmaconic outlet, such as the internet, catalog sales, telemarketing, or other direct marketing to make sales inside and outside of your Territory. You may not use these Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website of your Franchised Business' location. The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of Pharmaconic products or services through Alternate Distribution Channels.

You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory.

ITEM 13: TRADEMARKS

Pharmaconic Brands Inc ("Licensor") is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of Pharmaconic outlets in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Pharmaconic service marks as described below ("Principal Marks"):

Mark	Registration Number	Registration Date	Register
Pharmaconic	6,616,650	January 11, 2022	Principal
	6,616,651	January 11, 2022	Principal

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Licensors and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Licensors and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with Licensors and us in defending and/or settling the litigation.

We have the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensors' right, or our right, to the Principal Mark or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks.

There are no currently effective agreements that significantly limit Licensors' or our rights to use or license the use of the Principal Mark or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Manual and the contents of our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, vendor partnerships and/or relationships, sales and technical information, costs, pricing, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which we may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets will remain our exclusive property. You may never during the initial term, any successor term, or after the Franchise Agreement expires or is terminated reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Attachment 9).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you personally supervise your Franchised Business. You may not appoint a manager of the Franchised Business unless you receive our prior written consent. Your manager must successfully complete our Initial Management Training Program and all other training courses we require. Your manager cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in

the franchisee entity but must otherwise meet our approval. It is your obligation to assure that the business is always under the supervision of a licensed pharmacist and that all pharmacists you employ in the business are properly licensed.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Confidentiality and Non-Compete Agreement, which is attached to our Franchise Agreement as Attachment 9. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spouse Guaranty, which is attached to our Franchise Agreement as Attachment 8.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future, provided that you are qualified and licensed to offer those services and products that require a license.

You may not use our Marks for any other business, and you may not conduct any other business at or through your Franchised Business operations or office. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Pharmaconic outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is ten years
b.	Renewal or extension of the Term	Art. 5	If you are in good standing as defined below, you can sign a successor agreement for one additional term of ten years, unless we have determined, in our sole discretion, to withdraw from the geographical area where your franchise is located.

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three events of default during current term, provide written notice to us at least six months before the end of the term, execute a new franchise agreement, pay us a successor agreement fee, execute a general release, comply with then-current qualifications and training requirements, including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e. Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six months to a replacement franchisee that we approve.
f. Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g. "Cause" defined – curable defaults	Section 17.3	You have five days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h. "Cause" defined - non-curable defaults	Sections 17.1 and 17.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: do not obtain required licenses and permits, find an acceptable site and/or open the Franchised Business within required time frames; falsify any report to us; fail to operate for a period of five consecutive days or more; fail to comply with applicable laws or cure a violation within three days; understate Gross Revenue two or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could

Provision	Section in Franchise Agreement	Summary	
		damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three or more times during the term or receive two or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT three or more times within any 12-month period; fail to satisfy a judgement of \$5,000+ against you within 30 days; or terminate the Franchise Agreement without cause.	
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Pharmaconic franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; pay liquidated damages; deliver to us all Confidential Information, the Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.

Provision	Section in Franchise Agreement	Summary	
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully completes our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 3 to the Franchise Agreement; you will subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process, excluding the representations we make in our Disclosure Document; our approval of the material terms and conditions of the transfer; the lessor of the office premises consents to a transfer of the lease, if applicable; and payment of a transfer fee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you will give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your furniture, fixtures, equipment, signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Pharmaconic outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business, induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or

Provision	Section in Franchise Agreement	Summary
		System, or disrupt or jeopardize our business or that of our franchisees.
r. Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Pharmaconic outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 20 miles of your former Territory or any other Pharmaconic outlet, induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s. Modification of the agreement	Sections 9.3, 14.6, 19.1.4 and 21.4	No oral modifications generally, but we may change the Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t. Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters (subject to state law).
v. Choice of forum	Section 20.3	Litigation takes place in New York, subject to applicable state law.
w. Choice of law	Section 20.3	New York law applies, subject to applicable state law.

ITEM 18: PUBLIC FIGURES

We do not currently use any public figures 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 franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you

are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Stanislav Zavulunov at 1566A Union Turnpike, New Hyde Park, New York, 11040, and 347-389-5826, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1
Company – Owned*	2021	0	1	+1
	2022	1	2	+1
	2023	2	2	0
Total Outlets	2021	0	1	+1
	2022	1	2	+1
	2023	2	3	+1

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
New York	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

Table No. 4
Status of Company Owned Outlets
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
New York	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
Total	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2022	2	0	0	0	0	2

Table No. 5
Projected Openings as of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
New York	0	1	0
Total	0	1	0

Exhibit G lists the location of each franchised Pharmaconic outlet in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the 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.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21: FINANCIAL STATEMENTS

Our audited financial statements for the fiscal years ended December 31, 2023, December 31, 2022, and December 31, 2021, are included in Exhibit E.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in this Disclosure Document as follows:

- Exhibit B – Franchise Agreement and attachments to it (including General Release, Business Associate Agreement, and Spouse Guaranty)
- Exhibit C – Envision Business Solutions Agreement
- Exhibit D – Quantum Health Membership Agreement
- Exhibit I – Franchisee Acknowledgment Statement, as permitted by law. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ITEM 23: RECEIPT

A receipt in duplicate is attached as the last two pages of this Disclosure Document. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Stanislav Zavulunov, Pharmaconic Franchising Inc, 1566A Union Turnpike, New Hyde Park, New York, 11040.

EXHIBIT A

LIST OF STATE FRANCHISE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212)416-8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard State Capitol, 14 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B
FRANCHISE AGREEMENT

PHARMACONIC FRANCHISING INC

FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

**PHARMACONIC FRANCHISING INC
FRANCHISE AGREEMENT**

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ATTACHMENTS:

- 1 - Trademarks
- 2 - Franchised Business Address and Territory
- 3 - General Release
- 4 - Conditional Assignment of Lease
- 5 - Authorization Agreement for Automatic Deposits (ACH Withdrawals)
- 6 - Statement of Ownership Interests in Franchisee/Entity
- 7 - Internet Advertising, Social Media, Software, and Telephone Account Agreement
- 8 - Spouse Guaranty
- 9 - Confidentiality and Non-Compete Agreement
- 10 - HIPAA Business Associate Agreement

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of _____ (the “Effective Date”), by and between Pharmaconic Franchising Inc, a New York corporation, with its principal place of business at 1566A Union Turnpike, New Hyde Park, New York, 11040 (herein “Franchisor”), and _____, a(n) _____, with its principal place of business located at _____, and _____ ‘s principals, _____, an individual, residing at _____, and _____, an individual, residing at _____ (“Principals”). _____ and Principals shall individually and collectively be referred to as, and each is, the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a retail pharmacy business that provides prescription and over-the-counter medications, health and beauty aids and other personal care items, using Franchisor’s format, trade dress, methods of marketing and presentation, training and assistance, Franchisor’s confidential operations manual (“Manual”) of business practices and policies; and care standards (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the Pharmaconic service marks, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

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

1. RECITATIONS

The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE

Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Pharmaconic franchise (the “Franchise” or “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies to Franchisee’s operations within a single Territory only, which is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

3. TERRITORY

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location and from within the Territory. Subject to Section 3.2 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other of our franchisees, to operate a Pharmaconic outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Pharmaconic pharmacy outlets bordering and adjacent to the Territory. Franchisee will be selling its products and services from a single location that will be determined by Franchisee with Franchisor's prior written approval, which may be withheld or denied in Franchisor's sole discretion. Franchisee is prohibited from selling and soliciting customers through alternative distribution channels as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) ancillary services and products under the Marks or other trademarks to competitive brands, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, the internet, telemarketing, or direct marketing ("Alternate Channels of Distribution"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

4. TERM

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

5. SUCCESSOR OPTIONS

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for one (1) additional term of ten (10) years. The term of such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to ten percent (10%) of the then-current initial franchise fee ("Successor Agreement Fee").

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then-current Disclosure Document (including Franchisor's then-current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then-current Disclosure Document.

5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the then-current Term of this Agreement, whether or not such defaults were cured.

5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.

5.2.4 Franchisee shall execute a general release of all claims Franchisee may have against Pharmaconic Franchising Inc, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 3. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.5 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Pharmaconic franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then-current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to sign a successor agreement, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then-current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result

of a decision to withdraw from a marketing area or the Territory in which Franchisee's Franchised Business is located.

6. FEES

6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Thirty Thousand Dollars (\$30,000) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, monthly throughout the Term, a royalty fee equal to the greater of: (i) Nine Hundred Dollars (\$900) or (ii) three percent (3%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets (the "Royalty Fee"). The term "Gross Revenues" means the aggregate of all revenues and income from any source derived, invoiced or received, by Franchisee from, through, by or on account of the operation of the Franchised Business whether invoiced only or received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. Gross Revenues also include all proceeds from any business interruption insurance. Excluded from Gross Revenues are: (i) sales taxes and other taxes separately stated that Franchisee collects from clients and pays to taxing authorities; (ii) refunds and credits made in good faith to arms' length clients, provided such credits or refunds are made in accordance with Franchisor's standards and specifications; and (iii) the discount value of any voucher or other allowance that Franchisor authorizes at the time Franchisee redeems the client's voucher or allowance.

6.1.3 Gross Revenue Reports. Franchisee shall, on or before the fifth (5th) day of each calendar month, furnish Franchisor with a report showing Franchisee's Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during such period (the "Gross Revenue Report"). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor reserves the right to establish a point-of-sale system ("POS System") that Franchisor may require Franchisee to use in the operation of the Franchised Business. At Franchisor's option, Franchisee shall submit, or grant Franchisor access to, the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee and the Brand Fund contribution, as defined and more particularly described in Article 13, then due. At Franchisor's request, Franchisee must execute documents, including but not limited to, the Authorization set forth in Attachment 5, that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Revenues are reported. Franchisor reserves the right to modify the method and frequency of collection of the Royalty Fee and Brand Fund Contribution upon forty-five (45) days' prior notice to Franchisee.

6.2 Late Fee. If the Royalty Fee, Brand Fund Contribution, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars (\$75). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum or at the highest rate permitted by law, whichever is lower.

6.4 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of One Hundred Dollars (\$100) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.5 Technology Fee. Franchisor reserves the right to impose a technology fee, in an amount that Franchisor reasonably determines, for new or improved technology adopted or developed by Franchisor for access to and maintenance of required software and processes, including but not limited to, a payment processor, sales and financial reporting, franchise portal, benchmarking platform or other operations systems. In Franchisor's sole discretion, Franchisor may (i) increase the amount of the technology fees or (ii) replace the software and technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto.

6.6 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING

7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least one (1) week (but no more than three (3) weeks), prior to the opening of the Franchised Business. The Initial Management Training Program consists of a course conducted at Franchisor's headquarters and/or affiliated outlet in Long Island, New York, or may be conducted virtually. Franchisor reserves the right to designate an alternate location for the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) people to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial

Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement.

7.3 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:

- (i) on-going training for up to five (5) days per year, at a location designated by Franchisor;
- (ii) a national business meeting or annual convention for up to three (3) days per year, at a location designated by Franchisor;
- (iii) on-line training sessions conducted by Franchisor in Franchisor's sole discretion, from time to time, but no more than one (1) day per month.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.4 On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.5 Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business location pursuant to Section 7.4, furnish consultation and assistance to Franchisee, either in person or by telephone, video conferencing, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, bookkeeping and System improvements.

8. FRANCHISED BUSINESS SITE REQUIREMENTS

8.1 Site Selection.

8.1.1 Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a site for the Franchised Business within the Territory and for constructing and equipping the Franchised Business at such site. Franchisee shall not make any binding commitment to a prospective vendor

or lessor of real estate with respect to a site for the Franchised Business unless the site location is approved by Franchisor. While Franchisor may render assistance to Franchisee in the selection of a site, as set forth in Section 8.1.2 below, Franchisee has sole responsibility for procuring and developing a site for the Franchised Business and Franchisee may and is encouraged to consult with professionals of Franchisee's choosing in discharging such responsibility, provided that Franchisor reserves the right to approve Franchisee's real estate broker. Franchisee acknowledges that Franchisor's approval of a prospective site location is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site location selection and evaluation by Franchisor, and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business.

8.1.2 Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in writing, a description of the site, together with written certification the site complies with Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require no later than ninety (90) days after the execution of this Agreement. Franchisor shall have fifteen (15) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. If Franchisor fails to respond to Franchisee's submission within fifteen (15) business days, such proposed site shall be deemed "disapproved". No site may be used for the location of the Franchised Business unless it is consented to in writing by Franchisor. In Franchisor's discretion, Franchisor may provide site selection assistance to Franchisee by identifying a site or sites that will satisfy Franchisor's site criteria. Notwithstanding, ultimate selection of a site, identified or otherwise approved by Franchisor, shall be made by Franchisee, in Franchisee's sole discretion.

8.1.3 Within thirty (30) days after Franchisor has consented to the site for the Franchised Business (or such longer period as Franchisor consents to in writing), Franchisee shall execute a lease therefor and obtain physical possession of the premises. Any lease must include Franchisor's Conditional Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 4. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.

8.1.4 Upon consent by Franchisor to the location for the Franchised Business, Franchisor shall set forth the location and Territory in Attachment 2 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 2, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 2; otherwise, the Attachment 2 provided to Franchisee shall be deemed final.

8.2 Construction.

8.2.1 Franchisee shall be responsible for obtaining clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants relating to the Franchised Business location. Prior to beginning the construction of the Franchised Business, Franchisee shall (a) obtain all permits, licenses, insurance and certifications required for the lawful construction or remodeling and operation of the Franchised Business, including permits for the installation of signage, and (b) certify in writing to Franchisor that all required approvals, clearances, permits, insurance and certifications have been obtained.

8.2.2 Franchisee must obtain all architectural, engineering, design, fabrication and installation services necessary for the construction and/or remodeling of the Franchised Business, including the installation of signage, at its own expense from vendor(s) designated or otherwise approved in writing by

Franchisor. Franchisee acknowledges that Franchisor's or its representative's review of construction plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor or its representative, including, but not limited to, any representation, warranty or guarantee that such plans are accurate or free of error, concerning their design or structural application.

8.2.3 During the time of construction or remodeling, Franchisee shall provide Franchisor, or its designated representative, with such periodic reports regarding the progress in obtaining all licenses and permits; and of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. At least thirty (30) days prior to completion of the construction or remodeling, Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct an inspection of the completed Franchised Business site.

8.2.4 Franchisee acknowledges and agrees that it will not open the Franchised Business for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

8.3 Licensing and Registration. Prior to opening the Franchised Business, Franchisee shall engage, at Franchisee's sole cost and expense, the services of a pharmacy business consultant designated by Franchisor, which Franchisee acknowledges may be an affiliate of Franchisor, to obtain on Franchisee's behalf all required licenses, registrations, and insurance and vendor contracts to operate the Franchised Business. Such required licenses, registrations and contracts shall be set forth in the Manual and include, but are not limited to, obtaining DEA, NPI and NCPDP numbers and PSAO enrollment.

8.4 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within ninety (90) days after Franchisee has received possession of the premises, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) complete all exterior and interior preparations for the Franchised Business, including installation and cleaning of equipment, fixtures, furnishings, décor and signs, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (iii) hire and train staff, (iv) obtain all required licenses, registrations, and insurance and vendor contracts to operate the Franchised Business, (v) obtain all required insurance and provide Franchisor with certificates therefor, and (vi) execute with Franchisor a business associate agreement, in the form of Attachment 10, as required by the Health Insurance Portability and Accountability Act and/or Health Information Technology for Economic and Clinical Health Act, as those acts may be amended. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within two hundred ten (210) days following the Effective Date of this Agreement, as may be extended by Franchisor in Franchisor's sole discretion, shall be deemed a material event of default under this Agreement.

8.5 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 2, and no other. Franchisee shall not relocate the premises of the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and, if permitted, shall be at Franchisee's sole expense. In the event

such permission is granted, (i) Franchisee shall pay to Franchisor, upon Franchisor's consent, a relocation fee equal to Ten Thousand Dollars (\$10,000) ("Relocation Fee"), (ii) Franchisee shall secure and outfit the replacement premises in accordance with Section 8.1 within one hundred eighty (180) days of Franchisor's consent, (iii) if feasible, Franchisee shall continue to operate at the original premises during the construction of the replacement premises, (iv) Franchisee, at Franchisee's sole expense, shall retain the services of a pharmacy business consultant designated by Franchisor, which Franchisee acknowledges may be an affiliate of Franchisor, to notify licensing entities, insurance companies and vendors of Franchisee's relocation and confirm continued effectiveness of Franchisee's licenses, registrations and contracts (v) upon relocation, Franchisee shall remove any signs or other property from the original Franchised Business premises which identified the original Franchised Business premises as part of the System, and (vi) the parties shall amend Attachment 2 to reflect the address of the new Franchised Business premises. Failure to comply with the foregoing requirements shall be a default of this Agreement.

9. SYSTEM MAINTENANCE AND IMPROVEMENT

9.1 Maintenance of Franchised Site and Equipment. Franchisee shall equip and maintain the Franchised Business site to the standards of décor, sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repainting and repairs or replacement of worn or impaired décor, materials, furniture, fixtures, equipment, and signage as Franchisor may direct.

9.2 Inspections. Franchisee shall operate and maintain the Franchised Business and Franchised Business location in conformance all regulations and best practices for retail pharmacy operations; and in a manner that will ensure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory. Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the System, and Franchisor may, at its option, terminate this Agreement.

9.3 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, display and storage equipment, the POS System, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.4 Trade Dress Modifications.

9.4.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").

9.4.2 Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor, but not more frequently than every three (3) years, to conform to Trade Dress Modifications. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance, and profitability.

10. FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

10.1 Territory and Site Determination. Designate the boundaries of Franchisee's Territory, by description and/or mapped boundaries, and set forth same in Attachment 2 attached hereto and incorporated herein. Franchisor shall also approve the site of the Franchised Business in accordance with Section 8.1.1.

10.2 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the internet, at Franchisor's sole and absolute discretion.

10.3 Pre-Opening Requirements. Provide consultation and assistance to secure required licensing, private and public health insurance contracts, including applications to Medicare and Medicaid, and vendor contracts. Franchisor and/or Franchisor's affiliate shall charge a fee for such consulting and assistance, which is payable by Franchisee upon execution of this Agreement.

10.4 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

10.5 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of required and/or recommended products and services for System franchisees and a list of approved, recommended, and/or designated suppliers of such items. Franchisee acknowledges that Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business.

10.6 Training. The training programs specified in Article 7 herein.

10.7 On-Going Assistance. Post-opening assistance at the Franchised Business in accordance with the provisions of Article 7.

10.8 Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 Best Efforts. Franchisee, including each Principal covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum revenue.

11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1 The Franchisee entity is duly organized and validly existing under the state law of its formation;

11.2.2 Attachment 6 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial, in the Franchisee entity;

11.2.3 The Franchisee entity is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business site and the Territory;

11.2.4 The Franchisee entity's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.5 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee; and

11.2.6 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.

11.3 If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 8 hereof.

11.4 Appointment of Manager.

11.4.1 Franchisee shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Franchised Business Location. Franchisee shall designate its General Manager prior to attending the Initial Management Training Program. The General Manager shall be responsible for the daily operation of the Franchised Business location. Unless otherwise permitted by Franchisor, the General Manager shall be, Franchisee, if Franchisee is an individual, or a Principal.

11.4.2 The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

11.4.2.1 The General Manager shall meet Franchisor's standards and criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

11.4.2.2 The General Manager shall devote his or her full time and best efforts to the supervision and management of the Franchised Business and may not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.

11.4.2.3 The General Manager shall satisfy the training requirements set forth in Article 7.

11.4.3 If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide for interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, health and sanitation inspections, if required, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction. Franchisee shall further comply with all industry best practices with respect to retail pharmacy operations.

11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual 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 in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business premises, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.7 Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings, and provide Franchisor with passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all tax returns and reports related to the Franchised Business filed by Franchisee with any state or federal taxing authority.

11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12. FRANCHISEE'S OPERATIONS

12.1 Operation of Franchised Business. To maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Maintain and operate the Franchised Business location in good condition and repair and in a proper and businesslike manner, using Franchisee's best efforts to maintain a clean, sanitary and respectable atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

12.1.2 Purchase and use only those services, trade dress, equipment, supplies, inventory and signage that conform to Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor. Franchisee acknowledges and agrees that: (i) Franchisor and/or Franchisor's affiliate may be a designated supplier or sole approved supplier of any product or service that Franchisee is required to lease or purchase, (ii) Franchisor and/or Franchisor's affiliate may receive payment from supplier(s) related to Franchisee's required purchases or leases, and (iii) any payments so received are for Franchisor's benefit only and may be used or applied in any manner determined by Franchisor in Franchisor's sole and absolute discretion;

12.1.3 Comply with all applicable governmental laws, ordinances, rules and regulations, specifically including all health care laws, the Health Insurance Portability and Accountability Act, False Claims Act, and rules regulating the sale of prescription drugs and controlled substances;

12.1.4 Maintain sufficient inventories of supplies and merchandise held for resale, as prescribed by Franchisor;

12.1.5 Employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor. Franchisee may only engage the services of pharmacists licensed in the State where the Franchised Business is located to dispense medication, counsel on the use of prescription drugs and over-the-counter remedies and perform other professional pharmacy services at the Franchised Business;

12.1.6 Procure the necessary licenses or permits to allow the operation of a retail pharmacy at the Franchised Business location in accordance with the System and maintain such licenses or permits to prevent a lapse;

12.1.7 Employ only qualified individuals, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to insure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to Franchisee's clients. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.8 Permit Franchisor or its agents, to inspect the Franchised Business location and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

12.1.9 Prominently display signage in and upon the Franchised Business location using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing. Franchisee shall not display any signage upon the Franchised Business location or elsewhere of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business location or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.10 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2 Bookkeeping and Reports.

12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the POS Systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's proprietary information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

12.2.2 Within thirty (30) days after the close of each calendar quarter and within one hundred ten (110) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds that any Gross Revenue Report was understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3. Computer Systems.

12.3.1 Franchisee, at Franchisee's sole expense, shall install and maintain the POS System and other computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing and bookkeeping accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System and accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other systems and web-based payment processing and bookkeeping accounts.

12.3.3 Subject to applicable law, Franchisee shall provide Franchisor, upon Franchisor's request, access to all client data stored in Franchisee's POS System, or otherwise collected by Franchisee.

12.3.4 Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.

12.3.5 Franchisee shall have and maintain adequate hardware and software in order to access the internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the internet except as provided and specifically permitted herein.

12.3.6 Franchisor has established a website that provides information about the System and the services and products offered by the Pharmaconic System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to Franchisee's location upon expiration or termination of this Agreement for any reason.

12.3.7 In addition to the requirements of Section 6.5, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs, and regularly recurring fees for software and digital displays, internet access, license fees, help desk fees, and licensing or user-based fees.

12.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, clients, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5 Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

12.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, customer satisfaction surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.8 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2 Local Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend a minimum of Three Hundred Dollars (\$300) per month on advertising for the Franchised Business in the Territory (“Local Advertising”). Franchisor may require Franchisee to allocate to a regional advertising cooperative, as described in Section 13.4, up to one-half (1/2) of Franchisee’s required Local Advertising expenditures.

13.2.2 Within ten (10) business days of Franchisor’s request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee’s Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee’s expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee’s personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.2.3 Franchisee shall spend a minimum of Two Thousand Dollars (\$2,000), on Local Advertising and promotional activities in the Territory within the first sixty (60) days after the opening of the Franchised Business to promote the opening of the Franchisee’s Franchised Business.

13.3 Brand Fund.

13.3.1 Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development (the “Brand Fund”). Franchisee is required to contribute the greater of: (i) Two Hundred Dollars (\$200) or (ii) one percent (1%) of Franchisee’s Gross Revenue to the Brand Fund (“Brand Fund Contribution”). Payments will be made in the same manner and time as the Royalty Fees. Franchisor reserves the right to increase the Brand Fund Contribution to any amount not to exceed three percent (3%) of Franchisee’s monthly Gross Revenue.

13.3.2 Franchisor shall direct the Brand Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

13.3.3 Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Pharmaconic outlets operated by Franchisor or Franchisor’s affiliates.

13.3.4 Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars

and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).

13.3.5 The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.

13.3.6 Franchisor will prepare an unaudited annual statement of the Brand Fund's operations and will make it available to Franchisee upon request. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7 Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee's share of the total cost of cooperative advertising, in addition to required Brand Fund Contributions.

13.5 Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, X (Twitter), LinkedIn, YouTube, Instagram, TikTok, or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements.

13.6 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts,

programs or materials proposed or developed by Franchisee for the Pharmaconic brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1 Franchisee expressly understands and acknowledges that Pharmaconic Brands Inc, or its successor (“Licensor”), is the record owner of the Marks, as of the Effective Date. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials, photographs, social media content, and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor’s trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the “Intellectual Property”.

14.1.2 As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor’s or Licensor’s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor’s or Licensor’s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee’s use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee’s use of the Intellectual Property.

14.4 Validity. Franchisee shall not contest the validity of, or Franchisor’s or Licensor’s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor’s or Licensor’s interest in, the Intellectual Property.

14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor’s or Licensor’s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.

14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any

expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Pharmaconic" and logo set forth on Attachment 1. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Pharmaconic Franchising Inc".

14.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Pharmaconic franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's

name or that of any other person, firm, entity or corporation.

15. INSURANCE AND INDEMNIFICATION

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense, insurance policies, which shall be primary and non-contributory to any insurance that Franchisor may carry. Franchisee's insurance shall be provided by insurance companies with an A.M. Best rating of not less than A-VII, protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1 General Liability. Comprehensive general liability insurance, including contractual liability, public liability, broad form property damage, personal injury, product liability, advertising injury, completed operations and independent contractors coverage, and fire damage coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate, with a maximum deductible of One Thousand Dollars (\$1,000) per claim, or such higher amounts as required by state laws;

15.1.2 Professional Liability. Professional liability insurance, due to errors and omissions in the performance of services pursuant to this Agreement in the amount of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate, with a maximum deductible of One Thousand Dollars (\$1,000) per claim, or such higher amounts as required by state laws;

15.1.3 Employment. Worker's compensation coverage in the limits required by state law, employer's liability insurance in the amount of One Million Dollars (\$1,000,000) per incident, and a commercial crime bond of at least Ten Thousand Dollars (\$10,000), shall be carried on all of Franchisee's employees, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

15.1.4 Automobile Insurance. Prior to operation of any vehicle on behalf of the Franchised Business, Franchisee must obtain comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or greater if required by state law.

15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a ten percent (10%) administrative fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of

insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear, on a primary, noncontributory basis, and shall contain a waiver of rights of subrogation against Franchisor. Additionally, if Franchisee or the Franchised Business enrolls in the Medicare program as a DMEPOS supplier, Franchisee shall name a Medicare designee as a certificate holder to Franchisee's comprehensive general liability policy. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS PHARMACONIC FRANCHISING INC, PHARMACONIC INC, PHARMACONIC BRANDS INC, ENVISION BUSINESS SOLUTIONS LLC, QUANTUM HEALTH GROUP LLC, AND ANY OF THEIR PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "PHARMACONIC INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S PHARMACONIC FRANCHISE; THE FRANCHISED BUSINESS; FRANCHISEE'S ALLEGED FAILURE TO COMPLY WITH ANY STATUTES, REGULATIONS, CONTRACT OR OTHER OBLIGATIONS RELATING TO THE PROVISION OF ANY SERVICES OR THE BILLING FOR SERVICES TO ANY PAYOR, INCLUDING MEDICARE, MEDICAID, STATE MEDICAID WAIVER PROGRAMS, OR OTHER STATE OR FEDERAL HEALTH CARE PAYMENT PROGRAMS; THE SERVICES OR PRODUCTS; THE PREMISES; OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE PHARMACONIC INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE PHARMACONIC INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE PHARMACONIC INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE PHARMACONIC INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE PHARMACONIC INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE PHARMACONIC INDEMNITEES.

Initial

16. TRANSFERS

16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive 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 operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory or, proximate thereto). However, Franchisor represents that it will not convert any such acquired businesses and/or facilities that are operating within the Territory to a Pharmaconic franchise during the Term of this Agreement.

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the pharmacy business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee or Principal(s). Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder, the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law (a "Transfer"), unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1 The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3 The transferee has agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;

16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;

16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

16.3.9 If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to seventy-five percent (75%) of the then-current initial franchise fee; provided however, (i) for transfers to an existing franchisee in good standing with Franchisor, the transfer fee is fifty percent (50%) of the then-current initial franchise fee, (ii) for transfers of ownership interest among existing shareholders or members, or to add a new shareholder or member, of the Franchisee entity and such transfer does not change management control of the Franchisee entity, the transfer fee is One Thousand Five Hundred Dollars (\$1,500), and (iii) for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchisee's Principal, as the case may be, the transfer fee is Three Thousand Five Hundred Dollars (\$3,500).

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6 Franchisor's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current rates during the term of interim management, plus all travel related and other expenses, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the assets of the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions.

Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the lender of the SBA Financing, and (ii) waive the requirement of the written acknowledgment referenced in this Section.

17. DEFAULTS

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 has misrepresented or omitted material facts in applying for the Franchise;

17.2.2 fails to obtain all required licenses and permits before opening, identify a mutually acceptable location or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.3 falsifies any report required to be furnished Franchisor hereunder;

17.2.4 ceases to operate the Franchised Business for a period of five (5) days or more;

17.2.5 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to comply with all applicable health care laws and the failure to pay taxes;

17.2.6 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.7 fails to report all production, collections and sales exclusively in the POS System approved by franchisor;

17.2.8 fails to comply with the covenants in Article 15;

17.2.9 permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.10 fails, or Franchisee's legal representative fails, to transfer the interests in this Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

17.2.11 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

17.2.12 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.13 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.14 creates a threat or danger to public health or safety from operation of the Franchised Business;

17.2.15 refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.16 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.17 fails to comply with the non-competition covenants in Section 19.5;

17.2.18 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or any successor term or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

17.2.19 has insufficient funds to honor a check or electronic funds transfer three (3) or more times within the term of this Agreement;

17.2.20 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement;

17.2.21 fails to satisfy any judgment against Franchisee in the amount of more than Five Thousand Dollars (\$5,000) (unless an appeal is filed or a supersede as bond is secured) for a period of more than thirty (30) days;

17.2.22 fails, for a period of three (3) days after notification of noncompliance, to cure any violation of federal, state or local law or regulations applicable to the operation of the Franchised Business; including, without limitation, the Americans with Disabilities Act; Federal or State False Claims Act, state or federal "STARK" or "Anti-Kickback" statutes or state licensure regulations; or

17.2.23 terminates this Agreement without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.18 and/or 17.2.19;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12)-month period shall be a non-curable default under Section 17.2.18.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor at Franchisor's then-current rates for interim management, plus all travel related and other expenses, during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses,

lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and supplies, including, but not limited to products sold under Franchisor's discounted pricing schedules or purchasing arrangements, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

17.6 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorneys' fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

18. POST-TERMINATION

18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Pharmaconic owner, franchisee or licensee;

18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, banners, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation, which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;

18.1.5 pay to Franchisor all damages for any breach or early termination of this Agreement, plus, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to client lists and records, subject to applicable law, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

18.1.7 comply with the non-disclosure and non-competition covenants contained in Article 19; and

18.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

18.2 Right to Purchase.

18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any part of the POS System), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2 With respect to the option described in Section 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media accounts and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, social media accounts, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and Principal(s) shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Principal(s), and any person working with Franchisee shall agree to not, at any time use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of

Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.2 Confidential Information. Franchisee and Principal(s) acknowledge and accept that during the term of this Agreement Franchisee and Principal(s) will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, vendor partnerships and/or relationships, sales and technical information, costs, pricing, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and Principal(s) shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and Principal(s) shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, service, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and Principal(s)

acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5 Noncompetition Covenants. Franchisee and Principal(s) specifically acknowledge that, pursuant to this Agreement, Franchisee and Principal(s) will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training, and experience of Franchisee and Principal(s). Franchisee and Principal(s) acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and Principal(s) are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and Principal(s) covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any pharmacy business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Pharmaconic franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any pharmacy business within twenty (20) miles of the Territory or within twenty (20) miles of any Pharmaconic location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Pharmaconic franchisees.

19.6 Reasonableness of Restrictions. Franchisee and Principal(s) acknowledge and agree that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s) since Franchisee or Principal(s), as the case may be, have other considerable skills, experience, and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8 Injunctive Relief. Franchisee and Principal(s) acknowledge that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and Principal(s) hereby consent to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9 No Defense. Franchisee and Principal(s) expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

19.10 Covenants of Employees, Agents, and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information, and Franchisee shall provide Franchisor with executed versions thereof. Such covenants shall be substantially in the form set forth in Attachment 9 as revised and updated from time to time and contained in the Manual. Franchisee shall indemnify and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of Franchisee's failure to obtain executed restricted covenants by employees, agents, and third persons as required by this Section.

20. DISPUTE RESOLUTION

20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of New York. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of New York. Franchisee and Principal(s), except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in New York. Franchisee and Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.4 Mutual Benefit. Franchisee, Principal(s), and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties

with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.5 Waiver of Certain Damages. Franchisee and Principal(s) hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.

20.6 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.3 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

20.7 Limitations of Claims. Any and all claims asserted by Franchisee and Principal(s) arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee or Principal(s) knew or should have known of the facts giving rise to such claims.

20.8 Attorney's Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.

20.9 Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

21. GENERAL

21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee or Principal(s) which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss,

attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising control of the day-to-day operations of the Franchised Business.

21.1.3 Franchisee's Employees. Franchisor has no authority to control, either directly or indirectly, the essential terms and conditions of employment of Franchisee's employees. Franchisee acknowledges and agrees that Franchisee, in Franchisee's sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual. Franchisee specifically agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Pharmaconic outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principal(s) in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing in this Agreement or in any related agreement is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and

Principal(s) shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one (1) person is so named.

21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

21.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.

21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 17 and 18 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of New York, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their electronic signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature, including a DocuSign signature, as the respective party's signature.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

-Signature page immediately follows-

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISEE (Entity):

FRANCHISOR:

PHARMACONIC FRANCHISING INC

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FRANCHISEE (Principal):

Name: _____

FRANCHISEE (Principal):

ATTACHMENT 1

TRADEMARKS

Service Mark –

Pharmaconic

ATTACHMENT 2

FRANCHISED BUSINESS ADDRESS AND TERRITORY

[If there is no Approved Location on the Effective Date, insert: **TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A PHARMACONIC PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, IN THE SITE SEACH AREA OF _____.]

Franchised Business Address:

Territory (insert map and/or define by zip codes):

ATTACHMENT 3

GENERAL RELEASE

(“Franchisee”) and its principal(s):

(collectively, "Franchisee's Principal(s)"), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releaseors"), hereby release, discharge and hold harmless Pharmaconic Franchising Inc ("Franchisor"), Pharmaconic Inc, Envision Business Solutions LLC, Quantum Health Group LLC, their parent companies, subsidiaries and affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releaseors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Executed as of _____, 20___.

[Signature]

FRANCHISEE:

PRINCIPALS:

By: _____

(Print Name, Title)

Date:

Name: _____

Date: _____

Name:

Date:

ATTACHMENT 4

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____ ("Assignor") hereby assigns and transfers to Pharmaconic Franchising Inc, a New York corporation, with a notice address of 1566A Union Turnpike, New Hyde Park, New York, 11040 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Pharmaconic outlet between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any successor terms thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: _____ By: _____
(Print Name, Title)

DATED: _____

DATED: _____

CONSENT AND AGREEMENT OF LANDLORD

to that Conditional Assignment of Lease from _____ (Assignor) to Pharmaconic Franchising Inc (Assignee) dated _____, for the property known as _____.

The undersigned Landlord under the aforescribed Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the non-monetary defaults, if any, of Assignor under the Lease;
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a Pharmaconic outlet if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: _____

LANDLORD:

ATTACHMENT 5

AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **Pharmaconic Franchising Inc**

I (We) hereby authorize Pharmaconic Franchising Inc, 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, 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, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to:

Pharmaconic Franchising Inc
1566A Union Turnpike
New Hyde Park, New York 11040

ATTACHMENT 6

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE ENTITY

Name

Percentage of Ownership

ATTACHMENT 7

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”), by and between Pharmaconic Franchising Inc, a New York corporation, with its principal place of business at 1566A Union Turnpike, New Hyde Park, New York, 11040 (the “Franchisor”), and _____, a(n) _____, with its principal place of business located at _____, and _____’s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ (“Principal(s)”). _____ and Principal(s) shall be individually and collectively referred to as, and each is, the “Franchisee”.

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Pharmaconic pharmacy business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Pharmaconic brand.

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 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 which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this 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. **Internet Advertising and Telephone Listings**

2.1 **Interest in Websites, Social Media Accounts, Other Electronic Listings and Software**. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, the right to hyperlink to certain websites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) related to the Franchised Business or the Marks.

2.2 **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, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software 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 Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone 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 Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 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 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, 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 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 Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to 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.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor,

as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 **Release**. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or 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 Agreement.

3.2 **Indemnification**. Franchisee is solely responsible for all costs and expenses related to its performance, its 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 its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, 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, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 **No Duty**. The powers conferred on Franchisor hereunder 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 matter hereunder.

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

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

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

3.7 **Survival**. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 **Governing Law**. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE (Entity):

By: _____
Name: _____
Title: _____

FRANCHISEE (Principal):

FRANCHISEE (Principal):

FRANCHISOR:

PHARMACONIC FRANCHISING INC

By: _____
Name: _____
Title: _____

ATTACHMENT 8

SPOUSE GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on _____, (the "Effective Date") to Pharmaconic Franchising Inc, a New York corporation, ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the "Franchisee Agreement") with _____, a(n) _____ and _____ (collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-disclosure and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any obligations guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

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

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____

Print Address: _____

ATTACHMENT 9

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this day of _____, 20____, by _____, a(n) _____ (“Franchisee”), a franchisee of Pharmaconic Franchising Inc, a New York corporation (“Franchisor”), and _____, an individual (“Covenantor”) in connection with a Franchise Agreement.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain of Franchisor’s trademarks and copyrights, including but not limited to, the Pharmaconic trademarks and logo, website, documents, advertisements, photographs, social media content, promotional materials, and operations manual (collectively referred to as the “Intellectual Property”) for the establishment and operation of a Pharmaconic franchised business;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Intellectual Property and other confidential information, knowledge, know-how, techniques, training, and other materials used in or related to the Pharmaconic brand and/or concerning the methods of operation of a Pharmaconic franchised business (collectively referred to as “Confidential Information”);

WHEREAS, the Intellectual Property and Confidential Information provide economic advantages to Franchisor and licensed users of Franchisor, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Intellectual Property and Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Intellectual Property and Confidential Information and further protecting the Pharmaconic brand against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Intellectual Property and Confidential Information constitutes independent valuable consideration for the representations, promises, and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use the Intellectual Property and such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Pharmaconic franchised business under the Franchise Agreement and in accordance with the requirements thereof.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Intellectual Property or Confidential Information, and shall not reproduce, in whole or in part, any of the Intellectual Property or Confidential Information, without Franchisor’s express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchisee's Pharmaconic franchised business.

d. Covenantor shall surrender any material containing some or all of the Intellectual Property or Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Pharmaconic brand.

f. Upon termination of employment or association with Franchisee, Covenantor shall immediately lose all rights to access and/or use of the Intellectual Property and Confidential Information for any purpose whatsoever.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the Pharmaconic brand, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

- (i) divert, or attempt to divert, any business or customer of Franchisee's Pharmaconic franchised business or of other franchisees in the Pharmaconic system to any competitor, by direct or indirect inducement or otherwise or
- (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any pharmacy business substantially similar to the Franchisee's Pharmaconic franchised business ("Competitive Business").

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the Pharmaconic system, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

- (i) divert, or attempt to divert, any business or customer of Franchisee's Pharmaconic franchised business or of other franchisees in the Pharmaconic system to any competitor, by direct or indirect inducement or otherwise; or
- (ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational, or supervisory capacity in any Competitive Business within Franchisee's Territory, within twenty (20) miles outside of the boundaries of the Franchisee's Territory or within twenty (20) miles of any other Pharmaconic affiliate-owned or franchised business.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO NEW YORK CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF NEW YORK. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY NEW YORK OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN NEW YORK; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee: _____

If directed to Covenantor: _____

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as of the date first written above.

FRANCHISEE:

By: _____

Name: _____

Title: _____

COVENANTOR:

ATTACHMENT 10

HIPAA BUSINESS ASSOCIATE AGREEMENT

This HIPAA Business Associate Agreement (the “Agreement”) is made and entered into as of _____ (the “Effective Date”), by and between Pharmaconic Franchising Inc, a New York corporation, with its principal place of business at 1566A Union Turnpike, New Hyde Park, New York, 11040 (herein “Business Associate”), and _____ a(n) _____, with its principal place of business located at _____ (“Covered Entity”).

RECITALS

WHEREAS, Covered Entity is a franchisee of Business Associate and operates a Pharmaconic outlet located in _____ under a Franchise Agreement dated _____ (the “Franchise Agreement”) with Business Associate;

WHEREAS, Covered Entity is or may be subject to the requirements of 42 U.S.C. 1320d *et seq.* enacted by the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act (“HITECH”) and the implementing regulations set forth at 45 CFR Parts 160 through 164 (“HIPAA Regulations”). As used herein, “PHI” refers to Protected Health Information maintained, transmitted, created or received by Business Associate for or from Covered Entity; and

WHEREAS, to the extent required by the HIPAA Regulations and applicable state law, Business Associate is or may be directly subject to certain privacy and security obligations and penalty provisions of HIPAA, HITECH, the HIPAA Regulations and state law.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the receipt, sufficiency, and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby contract and agree as follows:

1. **Definitions.** Terms used but not otherwise defined in this Agreement have the same meaning as those terms are defined and used in the HIPAA Regulations.
2. **HIPAA Assurances.** In the event Business Associate creates, receives, maintains or otherwise is exposed to PHI by, through, or on behalf of, Covered Entity, Business Associate shall:
 - a. not use or disclose PHI other than as permitted or required by this Agreement or as required and permitted by law.
 - b. use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI, to prevent use or disclosure of PHI other than as provided for by this Agreement.
 - c. report to Cover Entity any use or disclosure of PHI not provided for by this Agreement of which Business Associate becomes aware, including breaches of unsecured PHI as required at 45 CFR 164.410, and any security incident of which Business Associate becomes aware.
 - d. in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any agent, including a subcontractor, that create, receive, maintain, or transmit PHI on behalf of

Business Associate agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.

- e. make available the PHI in a designated record set to the Covered Entity as necessary to satisfy Covered Entity's obligations under 45 CFR 164.524.
- f. make any amendment(s) to PHI in a designated record set that the Covered Entity directs or agrees pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy Covered Entity's obligations pursuant to 45 CFR 164.526.
- g. maintain and make available the information required to provide an accounting of disclosures to the Covered Entity as necessary to satisfy Covered Entity's obligations pursuant to 45 CFR 164.528.
- h. to the extent Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s); and
- i. make Business Associate's internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of Covered Entity, available to the Covered Entity, or to a designated individual in a manner designated by the Covered Entity or the designated individual, for purposes of the designated individual determining Covered Entity's compliance with the HIPAA rules.

3. **Permitted Uses and Disclosures.** Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI for the following purposes provided that such use or disclosure would not violate HIPAA rules if done by the Covered Entity:
 - a. for any lawful purpose permitted by the Franchise Agreement and/or the Operations Manual described in the Franchise Agreement.
 - b. for the proper management and administration of Business Associate (including its management and administration of the Pharmaconic franchise system) and/or to carry out the legal responsibilities of Business Associate.
 - c. except as otherwise limited in this Agreement, to provide data aggregation services to Covered Entity as permitted by 45 CFR 146.504(e)(2)(i)(B).
 - d. to report violations of law to appropriate federal and state authorities, consistent with 45 CFR 164.502(j)(1).
4. **Obligations of Covered Entity.** Covered Entity shall notify Business Associate of the following:
 - a. any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR 164.520, to the extent that such limitations may affect Business Associate's use or disclosure of PHI.
 - b. any changes in, or revocation of, permission by any individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.

- c. any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

5. Term. The Term of this Agreement shall be effective as of the Effective Date and shall remain in effect until the expiration or termination of the Franchise Agreement. Either party may terminate this Agreement, effective immediately, if such party determines that the other party has breached a material provision of this Agreement and has failed to cure such breach within thirty (30) days of written notice from the other party. The parties agree that a termination of this Agreement is a non-curable default under Section 17.2 of the Franchise Agreement.

6. Effect of Termination. Upon termination of this Agreement for any reason, Business Associate, with respect to PHI received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall:

- a. retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;
- b. return to Covered Entity (or, if agreed to by Covered Entity, destroy) the remaining PHI that Business Associate still maintains in any form, provided that Covered Entity and Business Associate acknowledge and agree that aggregated data is not PHI and will not be destroyed;
- c. continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI to prevent use or disclosure of the PHI, other than as provided for in this Section, for as long as Business Associate retains the PHI;
- d. not use or disclose the PHI retained by Business Associate other than for the purposes for which such PHI was retained and subject to the same conditions set out in Section 3 hereof, which applied prior to termination; and
- e. return to Covered Entity (or, if agreed to by Covered Entity, destroy) the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

Notwithstanding the foregoing, in the event that Business Associate determines that returning or destroying PHI (other than PHI that Business Associate is permitted to retain) is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible, and shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

The obligations of Business Associate pursuant to this Section 6 shall survive the termination of this Agreement.

7. Miscellaneous

- a. The parties hereto agree to take such action as is necessary to amend this Agreement from time to time as required for continued compliance with the requirements of the HIPAA Regulations and any other applicable law.

- b. Any ambiguity in this Agreement shall be interpreted to permit compliance with HIPAA Regulations.
- c. This Agreement shall be binding upon and inure to the benefit of the respective legal successors of the parties hereto, provided that the rights and obligations hereunder may be assigned only in strict accordance with the Franchise Agreement and applicable law.
- d. This Agreement shall be governed and construed in accordance with the laws of the State of New York without regard to the choice of law provisions thereof. In the case of any dispute between the parties, the parties shall resolve it in accordance with the dispute resolution procedures set forth in Article 20 of the Franchise Agreement.
- e. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- f. The invalidity or unenforceability of any provision of this Agreement, or any terms thereof, shall not affect the validity of this Agreement as a whole, which shall at all times remain in full force and effect. To this end, in the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

The parties hereto have executed this HIPAA Business Associate Agreement on the day and year first above written.

**BUSINESS ASSOCIATE:
PHARMACONIC FRANCHISING INC**

By: _____
_____Stanislav Zavulunov _____, _____ President

(Print Name, Title)

COVERED ENTITY:

By: _____
_____,
(Print Name, Title)

EXHIBIT C
ENVISION BUSINESS SOLUTIONS AGREEMENT



70 East Sunrise Highway Suite 500
Valley Stream, NY 11581

www.PharmacyConsultantsNY.com
347-389-5826

Date

Privileged and Confidential

We appreciate the confidence you have shown in retaining us to represent you in establishing a pharmacy.

Fundamental to a sound relationship is a clear understanding of the terms and conditions upon which we will be providing our services. The purpose of this letter is to clarify and confirm the parties and scope of the engagement and the nature of the services we will render. It also describes our billing policies, procedures and rates. Should you retain Envision Business Solutions, LLC. ("Company", "we", "us", "our") for subsequent matters, the specifics of this agreement will remain the same unless otherwise communicated in writing.

Scope of Engagement

Our engagement is to provide services to _____ (hereinafter referred to as "Client"). We will assist in the manner described below. Our acceptance of this engagement does not involve an undertaking to represent you or your interests in any matter other than that described in this paragraph. Client acknowledges that we are not to be expected to consult on business or any other day to day pharmacy operations, including but not limited to billing and claim reconciliation.

1. Preparation and submission of application to NYS Board of Pharmacy
2. Assistance with obtaining required business insurance policies.
3. Assistance with software setup
4. Preparation for inspection by the Board of Pharmacy
5. Obtaining the DEA license
6. Obtaining NPI & NCPDP #'s

7. Applications to Bureau of Narcotic Enforcement and DOH (ESAP program)
8. CSOS application
9. Assistance with obtaining a Medicare DME bond
10. Contracting with Caremark
11. Contracting with Humana
12. Contracting with Express Scripts
13. Contracting with OptumRx
14. Contracting with Medimpact
15. Contracting with a PSAO
16. Preparation and submission of vendor applications (1 primary and up to 2 secondary)
17. Preparation and submission of an application to Medicare
18. Preparation of documents for the Medicare inspection
19. Preparation and submission of an application to the state Medicaid program
- 20. Telephone calls and correspondence with state and federal agencies and related matters incidental thereto**

Individual Providing Services

We will designate a representative to be responsible for performing the scope of work set forth above. From time to time, we may ask our attorney to assist in providing quality services in an efficient, economical manner and to take advantage of special expertise. We always attempt to have work done for clients by the person or persons with the most suitable experience and seniority level, and we will follow that principle in representing you in this engagement. If at any time you have questions regarding staffing or performance, please call your designated representative. It is important that you are satisfied with our services and responsiveness at all times.

Client Liaison

We understand that you will be our primary contact at the Company. Please advise us immediately if there is any change in your contact information or in the person who will be primarily responsible for this matter.

Liability

Client will at all times indemnify, defend, and hold us and our affiliates harmless from any and all third party claims arising out of our performance of services.

Fees

In determining the fee, Envision Business Solutions, LLC may as appropriate also take into account such factors as the novelty and complexity of the questions involved, the skill required, familiarity with the specific area of knowledge involved, the magnitude of the matter,

the results achieved, customary fees for similar services, time limitations or the circumstances of your matter.

Billing Arrangement

We do not anticipate having any disagreement with you about the quality, cost or appropriateness of our service. If, however, you have questions or concerns about these subjects, please notify us immediately. We want to answer your questions as soon as possible. In addition, Envision Business Solutions, LLC. commits with you to engage in good faith negotiations to attempt to resolve any and all billing issues quickly and fairly.

Retainer

Payment schedule is as follows:

\$20,000 upon acceptance of this proposal

Application fees payable to agencies, insurance companies, etc. are to be paid by client directly to respective agency. The fees referenced above cover the services of Envision Business Solutions LLC exclusively, for the items listed here.

We encourage you to discuss with us any questions that you may have concerning any of these arrangements. We are most pleased that your company has engaged us for this matter and we will make every reasonable effort to assist in achieving its objectives.

We ask that you confirm the agreement with the terms of retention set forth in this letter by counter-signing this letter as provided below and returning the signed letter to us. The terms of this letter will apply from the date we first began work on your behalf.

The undersigned acknowledges and agrees to the terms of representation by Envision Business Solutions, LLC. as set forth in this letter and consents/authorizes Envision Business Solutions LLC and its affiliates to perform the work listed above on his behalf.

Accepted by:

Company name

Envision Business Solutions, LLC.

Name and title

Stan Zavulunov, Member

Signature

Signature

Date

Date

EXHIBIT D

QUANTUM HEALTH MEMBERSHIP AGREEMENT

QUANTUM HEALTH GROUP,LLC. Membership Terms and Conditions

This Membership Agreement (“Agreement”) is entered by and between Quantum Health Group, LLC (“Quantum”), having offices at 118-21 Queens Blvd Suite 608, Forest Hills, New York 11375, and the party signatory hereto (“Member”).

WHEREAS, Quantum is a group purchasing organization operating in accordance with 42 C.F.R. § 1001.952(j) that has developed a contract portfolio of negotiated agreements and will continue to develop and enter into agreements (“Quantum Vendor Agreements”) with manufacturers, suppliers, vendors, group purchasing organizations, networks, affiliations, wholesalers, distributors and service providers (collectively, “Vendors”) for product lines and services, including, but not limited to, pharmaceutical products and services (collectively, “Products and Services”); and

WHEREAS, the Member is an approved health care provider that furnishes goods or services for which payment may be made in whole or in part under the Federal health care programs and Member is neither wholly-owned by Quantum nor a subsidiary of a parent corporation that wholly owns Quantum (either directly or through another wholly-owned entity), and desires to access Quantum’s contracts for Member’s “own use” as defined in *Abbott Labs v. Portland Retailers’ Druggist*, 425 U.S. 1 (1976).

NOW, THEREFORE, in consideration of the promises of the parties hereto contained herein, it is hereby agreed as follows:

1. Quantum is authorized to act as Member’s purchasing agent and will negotiate Quantum Vendor Agreements to permit, subject to the terms herein and therein, purchases by Member in accordance with terms of such agreements. Member affirms that all information set forth in its Membership Application is true and correct. Member hereby constitutes and appoints Quantum the true and lawful agent and attorney-in-fact of Member, with full power of substitution or resubstitution in whole or in part, in the name and on behalf of Member, but for the benefit and at the expense of Quantum, as fully to all interests and purposes as Member might or could do if actually present (a) to enter into Quantum Vendor Agreements, and (b) to do all such acts and things and take all such actions in respect thereof as Quantum shall deem advisable or proper in order to provide to Quantum and/or Member, as the case may be, the benefits under any such Quantum Vendor Agreements. Member acknowledges that the foregoing powers are coupled with an interest and shall be irrevocable by Member during the term of the Agreement.
2. During the term, provided Member complies with the terms and conditions of this Agreement, Member may have access to the Quantum Vendor Agreements. Pursuant to the Quantum Vendor Agreements, however, the Vendor is permitted to make the final determination whether or not Member is eligible to participate in Quantum Vendor Agreements and access the Quantum contract prices available thereunder. Quantum will provide to Vendors all relevant information received from Member to establish Member’s qualifications to participate in the Quantum Vendor Agreements, but Quantum does not guarantee Member’s acceptance in any Quantum Vendor Agreement.
3. Member agrees to hold harmless Quantum for any losses resulting from any purchases made by Member; Member’s failure to receive any discounted pricing; Member’s receiving any mislabeled or misformulated Products and Services purchased under any Quantum Vendor Agreement; and/or Member’s use, misuse or dispensing of Products and Services. Quantum is not rendering any professional advice or other professional services and

Member hereby agrees that Quantum shall not be liable to Member for its use or misuse of any information service or any losses resulting from Member’s participation under Quantum Vendor Agreements.

4. Member acknowledges and agrees that the contract prices made available through Quantum Vendor Agreements are only to be accessed by Member in order to purchase Products and Services to be dispensed by Member in its retail pharmacy. Member shall not sell, wholesale or otherwise transfer any Products and Services purchased under Quantum Vendor Agreements to any person or other entity, except as provided herein and permitted by law. Member acknowledges full understanding of and shall comply with all applicable “own use” laws and requirements as set forth under the Quantum Vendor Agreements.
5. Member will objectively evaluate all Products and Services selected for award to Quantum members under Quantum Vendor Agreements. Member engages Quantum as its exclusive group purchasing organization. Accordingly, Member warrants that all group purchasing organization purchases of Products and Services made by it or on its behalf will be made under Quantum Vendor Agreements and Member shall inform its wholesaler, distributor and/or pharmaceutical contractor that Quantum is its exclusive group purchasing organization and that Quantum Vendor Agreements shall be utilized for purchases by Member whenever Member makes purchases through a group purchasing organization.
6. Member hereby authorizes Vendors to provide Quantum with any and all data regarding Member’s purchases and use of Products and Services and the provision of services under the Quantum Vendor Agreements (collectively, “Data”). Quantum may utilize and present such Data to the Vendors in order to substantiate (for purposes of calculating Administrative Fees and rebates due thereunder), any Member purchases made in connection with, or services provided under, the Quantum Vendor Agreements and for any other purpose that benefits the parties hereto. The use and disclosure of data, including the Data, by the parties hereunder shall comply with all Applicable Laws (defined below), including all federal and state patient privacy, confidentiality and security laws, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 and the HiTech Act of 2009 and regulations promulgated pursuant thereto, and the parties shall, as applicable, execute a Business Associate Agreement, a form of which is attached hereto as Exhibit A and incorporated by reference herein. Member shall support and assist, to the extent reasonably requested by Quantum, Quantum’s efforts in (i) collecting Administrative Fees and credits from Vendors; and (ii) assuring proper credit to Quantum for Member purchases of Products and Services under Quantum Vendor Agreements.
7. Member acknowledges that this Agreement pertains to all retail pharmacies owned, operated or Controlled by, or under common Control with, Member, including all retail pharmacies owned, operated or Controlled by, or under common Control with, any Person which is owned, operated or Controlled by, or under common Control with, Member (collectively, “Controlled Affiliates”). An initial list of the Controlled Affiliates is set forth on Exhibit B attached hereto and incorporated by reference herein. Prior

to any additional Controlled Affiliate becoming a member of Quantum hereunder, however, Member shall notify Quantum of such Controlled Affiliate through the timely completion and submission of an “Additional Location Form/Joinder”, a copy of which is attached hereto as Exhibit C and incorporated by reference herein, under which such Controlled Affiliate shall agree to be subject to and bound by the same rights and obligations of Member hereunder. “Person” shall mean any person or entity, whether a corporation, partnership, limited partnership, limited liability company, trust, unincorporated organization, business association, joint stock company, firm, or joint venture or any other legal entity or organization or a governmental entity or authority. “Control” shall mean, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise (the terms “Controlled by” and “under common Control with” shall have correlative meanings). Member agrees to and shall keep Quantum advised, in writing, of any material change pertaining to any change in ownership of Member; any change in wholesaler/distributor used by Member; any change in contact name for each department using the Quantum Vendor Agreements; any change in address of Member; and any change in DEA number.

8. Member agrees that it shall keep all information that it receives, in any form, from Quantum regarding contract prices, programs, price lists, financial data, customer and supplier information, product development, business and marketing plans, and information contained in catalogs and other non-public, proprietary and confidential information of Quantum (“Confidential Information”), strictly confidential and shall not directly or indirectly use (except pursuant to this Agreement) and/or reveal, report, publish, disclose or transfer to any party the Confidential Information for any purpose.

Member agrees that the covenants contained in this Section 8 are reasonable and necessary covenants for the protection of Quantum and its business under the circumstances, and further agrees that if, in the opinion of any court of competent jurisdiction such covenants are not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of these covenants as to the court shall appear not reasonable and to enforce the remainder of these covenants as so amended. Member agrees that any breach or threatened breach by Member of the covenants contained in this Section 8 would irreparably injure Quantum and that there is no adequate remedy at law for any such breach or threatened breach and, accordingly, that Quantum, in addition to pursuing any other remedies it may have at law or in equity, may obtain injunctive relief in any court, foreign or domestic, having the capacity to grant such relief, to restrain any such breach or threatened breach by Member and to enforce the provisions of this Section 8.

Member shall return to Quantum all of the Confidential Information received in connection with Member’s participation from Quantum within ten (10) days of the termination of this Agreement.

9. Member and Quantum shall each perform its duties and responsibilities hereunder in compliance with all applicable federal, state and local laws and regulations (collectively, “Applicable Laws”). It is the parties’ intent that this arrangement comply with all Applicable Laws, including without limitation, the federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b) and the statutory exceptions

applicable to GPO and discount arrangements and, further, that this arrangement satisfy each of the discounts safe harbor regulation at 42 C.F.R. § 1001.952(h) (“Discounts Safe Harbor”) and the group purchasing organizations safe harbor regulation at 42 C.F.R. § 1001.952(j) (“GPO Safe Harbor”). Such obligations include Member disclosing discount information and reports to the appropriate state agency and the Department of Health and Human Services (“HHS”), as necessary to comply with Applicable Laws. Member acknowledges that nothing herein or in any agreement between Quantum and a Vendor shall be interpreted to obligate Quantum to make reports required of Member under the Applicable Laws, it being understood that such reporting obligations apply to Member and that Member shall be solely and exclusively responsible for making such reports. Member and Quantum acknowledge and agree that the administrative fee earned by Quantum under the Quantum Vendor Agreements constitutes an amount paid by a vendor of goods and services to a purchasing agent of a group of entities within the meaning of 42 U.S.C. § 1320a-7b(b)(3)(C) and the GPO Safe Harbor and comparable state laws and regulations. Member acknowledges that Quantum does receive from certain Vendors administrative fees of up to 3% of the purchase price of Products and Services purchased by Member under the Quantum Vendor Agreements. In the event that Quantum receives an administrative fee from a Vendor that exceeds 3% of the purchase price of the Products and Services purchased by Member, Quantum shall on a schedule attached hereto or a schedule identified on a secure company website (which schedule shall become a part of this Agreement), specify the amount or if not known the maximum amount, Quantum will be paid by such Vendor for such Member’s purchases. Such amount may be a fixed sum or a fixed percentage of the value of purchases made from the Vendor by the Member. At least annually to Member and to the Secretary of HHS upon request, Quantum will provide a report of administrative fees received from each Vendor for Member’s purchases.

10. Quantum will use all reasonable efforts to verify all Vendor discounts and rebates and market share information pertaining to Member’s purchases and corresponding rebates and to keep Member informed of Product, Services and price changes. Quantum also agrees to remit to Member any verified Vendor rebate due Member in a timely manner in the event of Quantum’s receipt of the Vendor rebate payment.
11. This Agreement shall remain effective for an initial term of two (2) years and shall renew for successive one year periods, unless this Agreement is terminated by either party as follows:
 - a) Member or Quantum may terminate this Agreement at the end of the initial term or any renewal term by providing the other party with written notice of its intent to terminate at least ninety (90) days prior to the end of such initial or renewal term;
 - b) Quantum may terminate this Agreement immediately without notice if, in good faith, Quantum believes that Member is no longer an approved health care provider using the Products and Services purchased through Quantum Vendor Agreements for its “own use”; or
 - c) In the event that either party (“Defaulting Party”) shall be in default (“Default”) in the performance of any of its material obligations under this Agreement, and such Default is not cured within thirty (30) days after notice of such Default from the non-defaulting party to the

Defaulting Party, the non-defaulting party may, at its option, terminate this Agreement, provided, that in the event that such Default is not capable of cure within such thirty (30) day period, and the Defaulting Party has properly commenced and pursues with diligence such cure, the Defaulting Party shall be granted such additional time as may be reasonably necessary to effect such cure, provided the non-defaulting party is not materially adversely affected.

Upon termination of this Agreement, Quantum shall have no further obligations under this Agreement to Member, and this Agreement shall be null and void, except for the provisions of Sections 3, 6, 8, 9, 12, 13, 16 and this Section 11(c) of this Agreement which shall survive termination.

12. Member has full power and authority to enter into this Agreement on behalf of itself and the Controlled Affiliates and to carry out the transactions contemplated hereby. Member, by all requisite action (whether corporate or otherwise), has duly authorized the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and no other proceedings, corporate or otherwise, on the part of Member are necessary to authorize this Agreement, which, when executed, will constitute the valid and binding agreement of Member and Controlled Affiliates, enforceable in accordance with its terms. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will constitute a violation or breach of (i) the certificate of incorporation or bylaws or other organizational documents of Member or any Controlled Affiliate; (ii) any provision of any contract or other instrument to which Member or any Controlled Affiliate is a party or by which Member or any Controlled Affiliate, its businesses, assets or properties may be affected or secured; (iii) any order, writ, injunction or decree applicable to Member or any Controlled Affiliate; or (iv) to the knowledge of Member, any statute, rule or regulation. No consent, approval, order or authorization of, or registration, declaration or filing with any governmental or other third party, domestic or foreign, is required by or with respect to Member (or any Controlled Affiliate) in connection with Member's execution and delivery of this Agreement, or the consummation of the transactions contemplated hereby. Member has not (1) been served with a notice of proposed exclusion, or committed any acts which are cause for exclusion from participation in or had any sanctions or civil or criminal penalties imposed upon it under, any federal or state health care program, including, but not limited to, Medicare or Medicaid, or (2) been convicted under federal or state law (including, without limitation, a plea of *nolo contendere* or participation in a first offender deferred adjudication or other arrangement whereby a judgment of conviction has been withheld), of a criminal offense related to (a) fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct in connection with the delivery of a health care item or service or with respect to any act or omission in any health care program operated or financed in whole or in part by any federal, state or local government agency, or (b) the unlawful manufacture, distribution, prescription or dispensing of a controlled substance. Member further agrees to notify Quantum immediately after Member becomes aware that any of the foregoing representations and warranties may be inaccurate or may become incorrect.
13. Quantum and/or its Affiliates shall be entitled to offset any amounts due by Member or Controlled Affiliates to Quantum and/or its Affiliates against, and effect

recoupment of such amounts from, any amounts that may be otherwise due to Member or Controlled Affiliates by Quantum and/or its Affiliates. "Affiliate" shall mean all entities that control, are controlled by, or are under common control with Quantum, whether directly or through one or more intermediaries. "Control" shall have the meaning set forth under Section 7 hereof.

14. Any notice required to be given pursuant to this Agreement shall be in writing and sent by certified mail, return receipt requested, or overnight delivery service such as Federal Express, Airborne or UPS or verifiable telephonic facsimile.
15. This Agreement shall be governed and interpreted under the laws of the State of New York without regard to conflict of law principles.
16. EXCEPT FOR THE EXPRESS WARRANTIES MADE OR REFERENCED HEREIN, QUANTUM MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, REPRESENTATIONS AND WARRANTIES RELATED TO THE PRODUCTS AND SERVICES MADE AVAILABLE UNDER THE QUANTUM VENDOR AGREEMENTS AND ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
17. This Agreement may not be assigned by Member without Quantum's prior written consent. Quantum may assign this Agreement without Member's prior written consent. Additionally, the relationship between Quantum and Members is one of an independent contractor only and nothing in this Agreement shall be construed to create a principal/agent, employer/employee or master/servant or fiduciary relationship between Quantum and Member unless otherwise expressly specified herein.
18. This Agreement may be amended or modified only by a written agreement executed by all of the parties hereto.

Quantum Health Group, LLC
Stanislav Zavulunov, President

DATE

MEMBER

Authorized Signature

DATE

QUANTUM HEALTH GROUP,LLC.
Membership Terms and Conditions

EXHIBIT A

EXHIBIT B
CONTROLLED AFFILIATES

EXHIBIT C
ADDITIONAL LOCATION FORM/JOINDER

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (“Agreement”) is made this _____ day of _____, 201[] (“Effective Date”), by [Insert Name of Affiliate] (“Controlled Affiliate Member”).

R E C I T A L S:

WHEREAS, Quantum Health Group, LLC (“Quantum”) and [Insert name of Parent Company] (“Parent”) are parties to a Membership Agreement, dated [Insert Date of Agreement], [as amended by that certain Addendum[a] dated [Insert Date of Addendum] (collectively, the “Membership Agreement”);

WHEREAS, Controlled Affiliate Member desires to participate in Quantum’s group purchasing organization on the same terms and conditions as the Parent under the Membership Agreement and Quantum desires to have Controlled Affiliate Member as a member of Quantum; and

WHEREAS, as a condition to Controlled Affiliate Member’s participation in Quantum, Controlled Affiliate Member is required, pursuant to Section 7 of the Membership Agreement, to join in the Membership Agreement and to assume all of the same rights and obligations of the Member thereunder.

NOW, THEREFORE, in consideration of the premises and the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions. All capitalized terms not defined herein, shall have the meanings set forth in the Membership Agreement.

2. Joinder to Agreement. Controlled Affiliate Member hereby joins in the Membership Agreement and agrees to become a party to, to be bound by, to comply with all of the provisions of and to perform all of the obligations under the Membership Agreement, in each case in the same manner as if Controlled Affiliate Member were the original Member signatory to such Membership Agreement.

3. Representations and Warranties. Controlled Affiliate Member represents and warrants that (a) the representations and warranties of the Member set forth in the Membership Agreement are, as applied to Controlled Affiliate Member, true and correct in all material respects as of the date hereof; and (b) it constitutes a single Covered Entity with Parent for purposes of compliance with HIPAA and the HiTech Act of 2009.

4. Miscellaneous.

4.1 Notices. Any notice required to be given pursuant to this Agreement shall be made in accordance with the provisions of Section 14 of the Membership Agreement.

4.2 Governing Law. All controversies and disputes arising out of or under this Agreement shall be determined pursuant to the laws of the State of New York regardless of the laws that might be applied under applicable principles of conflicts of laws. Member specifically submits to the jurisdiction of the Courts in New York.

4.3 Entire Agreement. This Agreement together with the Membership Agreement and any addendum or addenda, amendment(s), exhibit(s) and schedule(s) hereto or thereto, constitute the entire agreement of the parties hereto and cannot be changed or modified except by another agreement in writing signed by the parties hereto and thereto.

IN WITNESS WHEREOF, Controlled Affiliate Member has executed and delivered this Joinder Agreement on the date first written above.

[CONTROLLED AFFILIATE MEMBER]

By: _____
Name:
Title:

EXHIBIT E
FINANCIAL STATEMENTS

PHARMACONIC FRANCHISING INC.

FINANCIAL REPORT

AS OF DECEMBER 31, 2023



PHARMACONIC FRANCHISING INC.
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Statement of Operations	6
Statement of Changes in Stockholder's Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9



Independent Auditor's Report

To the Stockholder
Pharmaconic Franchising Inc.
Valley Stream, NY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Pharmaconic Franchising Inc. as of December 31, 2023, and 2022 and the related statements of operations, stockholder's equity, and cash flows for the years ended December 31, 2023, 2022, and 2021, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pharmaconic Franchising Inc. as of December 31, 2023, and 2022 and the results of their operations and their cash flows for the years ended December 31, 2023, and 2022, and 2021, 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 Pharmaconic Franchising Inc. 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 Pharmaconic Franchising Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there

is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Pharmaconic Franchising Inc.'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 Pharmaconic Franchising Inc.'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.

Reese CPA LLC

Ft. Collins, Colorado
June 19, 2024

PHARMACONIC FRANCHISING INC.
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 28,654	\$ 6,885
TOTAL CURRENT ASSETS	28,654	6,885
NON-CURRENT ASSETS		
TOTAL ASSETS	\$ 28,654	\$ 6,885
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
TOTAL CURRENT LIABILITIES	-	-
NON-CURRENT LIABILITIES		
TOTAL LIABILITIES	-	-
STOCKHOLDER'S EQUITY		
Common stock; \$0 par value; 200 shares authorized, 0 shares issued and outstanding	-	-
Paid-in capital	28,654	6,885
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 28,654	\$ 6,885

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Professional fees	9,200	400	4,728
General and administrative	1,149	1,246	1,441
Advertising	705	-	-
TOTAL OPERATING EXPENSES	<u>11,054</u>	<u>1,646</u>	<u>6,169</u>
OPERATING (LOSS)	(11,054)	(1,646)	(6,169)
OTHER INCOME (EXPENSE)	-	-	-
NET (LOSS)	<u>\$ (11,054)</u>	<u>\$ (1,646)</u>	<u>\$ (6,169)</u>

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Paid-in Capital	Retained (Deficit)	Total Stockholder's Equity
BALANCE, DECEMBER 31, 2020	\$ 10,000	\$ -	\$ 10,000
Paid-in capital	4,700	-	4,700
Net (loss)		(6,169)	(6,169)
BALANCE, DECEMBER 31, 2021	14,700	(6,169)	8,531
Net (loss)		(1,646)	(1,646)
BALANCE, DECEMBER 31, 2022	14,700	(7,815)	6,885
Paid-in capital	32,823	-	32,823
Net (loss)	-	(11,054)	(11,054)
BALANCE, DECEMBER 31, 2023	<u>\$ 47,523</u>	<u>\$ (18,869)</u>	<u>\$ 28,654</u>

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	\$ (11,054)	\$ (1,646)	\$ (6,169)
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash capital contribution	2,823	-	4,700
Net cash (used) by operating activities	<u>(8,231)</u>	<u>(1,646)</u>	<u>(1,469)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used) for investing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid-in capital	30,000	-	-
Net cash provided by financing activities	<u>30,000</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	21,769	(1,646)	(1,469)
CASH, BEGINNING	6,885	8,531	10,000
CASH, ENDING	<u>\$ 28,654</u>	<u>\$ 6,885</u>	<u>\$ 8,531</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

**PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pharmaconic Franchising Inc. ("Company") was incorporated on October 7, 2021, (Inception) in the State of New York. The Company grants franchises to qualified persons to open and operate a retail pharmacy business that provides prescription and over-the-counter medications, health and beauty aids, and other personal care items. All services and products are offered under the Pharmaconic Marks, using distinctive operating procedures and standards in a designated territory.

Parent and Affiliates

The parent, Pharmaconic Inc., was incorporated in New York on August 13, 2021.

The first affiliate, Pharmaconic Brands, Inc. ("PBI"), was incorporated in New York on October 7, 2021, and is the owner of certain Marks. PBI has exclusively licensed use of the Marks to the Company.

The second affiliate, Envision Business Solutions, LLC ("EBS"), was formed on October 28, 2018, in the state of Florida as a limited liability company. EBS provides pharmacy consultant services, including securing licensing and insurance and vendor contracts, for our corporate outlets, franchisees, and other businesses.

The third affiliate, Quantum Health Group, LLC ("QHG"), was formed on December 14, 2015, in the state of New York as a limited liability company. QHG negotiates and secures contracts for the purchase of pharmaceutical products and services on behalf of our corporate outlets, franchisees, and other pharmacy businesses.

The parent and affiliates have not offered franchises in this or any other line of business.

A summary of significant accounting policies follows:

Development Stage Operations

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises or earned any revenue. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2023, and 2022 and did not charge-off any accounts receivable during the years ended December 31, 2023, 2022, and 2021.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment on December 31, 2023, and 2022.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets on December 31, 2023, and 2022.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 – Revenue from Contracts with Customers. The Company's revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently ten years.

**PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Royalties are 3% of gross revenues, or \$900 whichever is greater, are billed monthly and are recognized as revenue when earned.

The Company had no revenue during the year ended December 31, 2023, 2022, and 2021.

Brand Fund Contribution

Contributions to the brand fund will be 1% of gross revenue or \$200 whichever is greater and will be collected monthly with royalties. Under the terms of the franchise agreement the Company may increase the brand fund rate to 3% of gross revenue.

Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, "Income Taxes." Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company adopted the provisions ASC 740-10-25 "Accounting for Uncertainty in Income Taxes," (formerly "FIN 48"). This provision prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on derecognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition. Under the provision, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Company did not make any adjustment to opening retained earnings because of the implementation.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023, 2022, and 2021, was \$705, \$0, and \$0.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

**PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through June 19, 2024, the date on which the financial statements were available to be issued.

PHARMACONIC FRANCHISING INC.

FINANCIAL REPORT

AS OF DECEMBER 31, 2022



PHARMACONIC FRANCHISING INC.
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Independent Auditor's Report

To the Stockholder
Pharmaconic Franchising Inc.
Valley Stream, NY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Pharmaconic Franchising Inc. as of December 31, 2022, and 2021 and the related statements of operations, stockholder's equity, and cash flows for the years ended December 31, 2022, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pharmaconic Franchising Inc. as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the years ended December 31, 2022, and 2021, and the period from October 7, 2020 (Inception) through December 31, 2020, 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 Pharmaconic Franchising Inc. 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 Pharmaconic Franchising Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there

is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Pharmaconic Franchising Inc.'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 Pharmaconic Franchising Inc.'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.

Reese CPA LLC

Ft. Collins, Colorado
February 9, 2023

PHARMACONIC FRANCHISING INC.
BALANCE SHEETS
AS OF DECEMBER 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 6,885	\$ 8,531
TOTAL CURRENT ASSETS	<u>6,885</u>	<u>8,531</u>
NON-CURRENT ASSETS	-	-
TOTAL ASSETS	<u>\$ 6,885</u>	<u>\$ 8,531</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
TOTAL CURRENT LIABILITIES	-	-
NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	-	-
STOCKHOLDER'S EQUITY		
Common stock; \$0 par value; 200 shares authorized, 0 shares issued and outstanding	-	-
Paid-in capital	6,885	8,531
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 6,885</u>	<u>\$ 8,531</u>

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND THE
PERIOD FROM OCTOBER 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2022	2021	2020
REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
General and administrative	1,246	1,441	-
Professional fees	400	4,728	-
TOTAL OPERATING EXPENSES	<u>1,646</u>	<u>6,169</u>	<u>-</u>
OPERATING (LOSS)	(1,646)	(6,169)	-
OTHER INCOME (EXPENSE)	-	-	-
NET (LOSS)	<u>\$ (1,646)</u>	<u>\$ (6,169)</u>	<u>\$ -</u>

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND THE
PERIOD FROM OCTOBER 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	Paid-in Capital	Retained (Deficit)	Total Stockholder's Equity
BALANCE, OCTOBER 7, 2020 (INCEPTION)	\$ -	\$ -	\$ -
Paid-in capital	10,000	-	10,000
BALANCE, DECEMBER 31, 2020	10,000	-	10,000
Paid-in capital	4,700	-	4,700
Net (loss)		(6,169)	(6,169)
BALANCE, DECEMBER 31, 2021	14,700	(6,169)	8,531
Net (loss)		(1,646)	(1,646)
BALANCE, DECEMBER 31, 2022	<u>\$ 14,700</u>	<u>\$ (7,815)</u>	<u>\$ 6,885</u>

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND THE
PERIOD FROM OCTOBER 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	\$ (1,646)	\$ (6,169)	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash capital contribution	-	4,700	-
Net cash provided (used) by operating activities	<u>(1,646)</u>	<u>(1,469)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used for investing activities	-	-	-
	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid-in capital	-	-	10,000
Net cash provided by financing activities	-	-	10,000
	-	-	-
NET INCREASE (DECREASE) IN CASH	(1,646)	(1,469)	10,000
CASH, BEGINNING	8,531	10,000	-
CASH, ENDING	<u>\$ 6,885</u>	<u>\$ 8,531</u>	<u>\$ 10,000</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pharmaconic Franchising Inc. ("Company") was incorporated on October 7, 2020, (Inception) in the State of New York. The Company grants franchises to qualified persons to open and operate a retail pharmacy business that provides prescription and over-the-counter medications, health and beauty aids, and other personal care items. All services and products are offered under the Pharmaconic Marks, using distinctive operating procedures and standards in a designated territory.

Parent and Affiliates

The parent, Pharmaconic Inc., was incorporated in New York on August 13, 2020.

The first affiliate, Pharmaconic Brands, Inc. ("PBI"), was incorporated in New York on October 7, 2020, and is the owner of certain Marks. PBI has exclusively licensed use of the Marks to the Company.

The second affiliate, Envision Business Solutions, LLC ("EBS"), was formed on October 28, 2018, in the state of Florida as a limited liability company. EBS provides pharmacy consultant services, including securing licensing and insurance and vendor contracts, for our corporate outlets, franchisees, and other businesses.

The third affiliate, Quantum Health Group, LLC ("QHG"), was formed on December 14, 2015, in the state of New York as a limited liability company. QHG negotiates and secures contracts for the purchase of pharmaceutical products and services on behalf of our corporate outlets, franchisees, and other pharmacy businesses.

The parent and affiliates have not offered franchises in this or any other line of business.

The following table summarizes the number of locations owned and operating for the year ended December 31, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020:

	2022	2021	2020
Locations in operation, beginning	-	-	-
Locations opened	-	-	-
Locations terminated or closed	-	-	-
Locations in operation, ending	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
Franchised locations	-	-	-
Affiliate owned locations	-	-	-

PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Development Stage Operations

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises or earned any revenue. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable during the years ended December 31, 2022, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment on December 31, 2022, and 2021.

PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets on December 31, 2022, and 2021.

Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, “Income Taxes.” Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company adopted the provisions ASC 740-10-25 “Accounting for Uncertainty in Income Taxes,” (formerly “FIN 48”). This provision prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on derecognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition. Under the provision, an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. The Company did not make any adjustment to opening retained earnings because of the implementation.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 – Revenue from Contracts with Customers. The Company's revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently ten years.

**PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Royalties are 1.5% of gross revenues, are billed monthly and are recognized as revenue when earned.

The Company had no revenue during the year ended December 31, 2022, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020.

Brand Fund Contribution

Contributions to the brand fund will be one-half of one percent (.5%) of gross revenue and will be collected monthly with royalties. Under the terms of the franchise agreement the Company may increase the brand fund rate to 3% of gross revenue.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020, was \$0 and \$0.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through February 9, 2023, the date on which the financial statements were available to be issued.

PHARMACONIC FRANCHISING INC.

FINANCIAL REPORT

AS OF DECEMBER 31, 2021



PHARMACONIC FRANCHISING INC.
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Independent Auditor's Report

To the Stockholder
Pharmaconic Franchising Inc.
Valley Stream, NY

Report on the Financial Statements

We have audited the accompanying balance sheets of Pharmaconic Franchising Inc. as of December 31, 2021, and 2020 and the related statements of operations, stockholder's equity, and cash flows for the year ended December 31, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pharmaconic Franchising Inc. as of December 31, 2021, and 2020 and the results of their operations and their cash flows for the year ended December 31, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
June 23, 2022

15953 Fillmore Street • Thornton, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

PHARMACONIC FRANCHISING INC.
BALANCE SHEETS
AS OF DECEMBER 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 8,531	\$ 10,000
TOTAL CURRENT ASSETS	<u>8,531</u>	<u>10,000</u>
NON-CURRENT ASSETS	-	-
TOTAL ASSETS	<u>\$ 8,531</u>	<u>\$ 10,000</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
TOTAL CURRENT LIABILITIES	-	-
NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	-	-
STOCKHOLDER'S EQUITY		
Common stock; \$0 par value; 200 shares authorized, 0 shares issued and outstanding	-	-
Paid-in capital	8,531	10,000
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 8,531</u>	<u>\$ 10,000</u>

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE
PERIOD FROM OCTOBER 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2021	2020
REVENUES	\$ -	\$ -
OPERATING EXPENSES		
General and administrative	1,441	-
Professional fees	4,728	-
TOTAL OPERATING EXPENSES	<hr/> <hr/> 6,169	<hr/> <hr/> -
OPERATING (LOSS)	(6,169)	-
OTHER INCOME (EXPENSE)	-	-
NET (LOSS)	<hr/> <hr/> \$ (6,169)	<hr/> <hr/> \$ -

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE
PERIOD FROM OCTOBER 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>Paid-in Capital</u>	<u>Retained (Deficit)</u>	<u>Total Stockholder's Equity</u>
BALANCE, OCTOBER 7, 2020 (INCEPTION)	\$ -	\$ -	\$ -
Paid-in capital	10,000	-	10,000
BALANCE, DECEMBER 31, 2020	10,000	-	10,000
Paid-in capital	4,700	-	4,700
Net (loss)		(6,169)	(6,169)
BALANCE, DECEMBER 31, 2020	<u>\$ 14,700</u>	<u>\$ (6,169)</u>	<u>\$ 8,531</u>

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

PHARMACONIC FRANCHISING INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE
PERIOD FROM OCTOBER 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	\$ (6,169)	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash capital contribution	4,700	-
Net cash provided by operating activities	<u>(1,469)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used for investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid-in capital	<u>-</u>	10,000
Net cash provided by financing activities	<u>-</u>	<u>10,000</u>
NET INCREASE (DECREASE) IN CASH	(1,469)	10,000
CASH, BEGINNING	10,000	-
CASH, ENDING	\$ 8,531	\$ 10,000
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

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

PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pharmaconic Franchising Inc. ("Company") was incorporated on October 7, 2020, (Inception) in the State of New York. The Company grants franchises to qualified persons to open and operate a retail pharmacy business that provides prescription and over-the-counter medications, health and beauty aids, and other personal care items. All services and products are offered under the Pharmaconic Marks, using distinctive operating procedures and standards in a designated territory.

Parent and Affiliates

The parent, Pharmaconic Inc., was incorporated in New York on August 13, 2020.

The first affiliate, Pharmaconic Brands, Inc. ("PBI"), was incorporated in New York on October 7, 2020, and is the owner of certain Marks. PBI has exclusively licensed use of the Marks to the Company.

The second affiliate, Envision Business Solutions, LLC ("EBS"), was formed on October 28, 2018, in the state of Florida as a limited liability company. EBS provides pharmacy consultant services, including securing licensing and insurance and vendor contracts, for our corporate outlets, franchisees, and other businesses.

The third affiliate, Quantum Health Group, LLC ("QHG"), was formed on December 14, 2015, in the state of New York as a limited liability company. QHG negotiates and secures contracts for the purchase of pharmaceutical products and services on behalf of our corporate outlets, franchisees, and other pharmacy businesses.

The parent and affiliates have not offered franchises in this or any other line of business.

The following table summarizes the number of locations owned and operating for the year ended December 31, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020:

	2021	2020
Locations in operation, beginning	-	-
Locations opened	-	-
Locations terminated or closed	-	-
Locations in operation, ending	-	-
Franchised locations	-	-
Affiliate owned locations	-	-

PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Development Stage Operations

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises or earned any revenue. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021, and 2020.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2021, and 2020 and did not charge-off any accounts receivable during the year ended December 31, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment on December 31, 2021, and 2020.

PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets on December 31, 2021, and 2020.

Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, “Income Taxes.” Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company adopted the provisions ASC 740-10-25 “Accounting for Uncertainty in Income Taxes,” (formerly “FIN 48”). This provision prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on derecognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition. Under the provision, an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. The Company did not make any adjustment to opening retained earnings because of the implementation.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 – Revenue from Contracts with Customers. The Company's revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently ten years.

**PHARMACONIC FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Royalties are 1.5% of gross revenues, are billed monthly and are recognized as revenue when earned.

The Company had no revenue during the year ended December 31, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020.

Brand Fund Contribution

Contributions to the brand fund will be one-half of one percent (.5%) of gross revenue and will be collected monthly with royalties. Under the terms of the franchise agreement the Company may increase the brand fund rate to 3% of gross revenue.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2021, and the period from October 7, 2020 (Inception) through December 31, 2020, was \$0 and \$0.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through June 23, 2022, the date on which the financial statements were available to be issued.

EXHIBIT F

OPERATIONS MANUAL TABLE OF CONTENTS



FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS (178 pages)

Preface for Manual (7 Pages)

The Manual Organization	(P-1)
The Purpose of this Manual	(P-2)
The Importance of Confidentiality	(P-3)
Keeping the Pharmaconic Operations Manual Current	(P-4)
Submitting Suggestions to the Pharmaconic Home Office	(P-5)
Requesting a Variance	(P-6)

A. INTRODUCTION (13 Pages)

Pharmaconic Mission Statement	(A-1)
Pharmaconic Core Values	(A-2)
Welcome Letter	(A-3)
History of Pharmaconic	(A-4)
Services Provided to the Pharmaconic Franchisee	(A-5)
Responsibilities of the Pharmaconic Franchisee and Staff	(A-7)
Visits from the Home Office	(A-9)
Paying Other Fees	(A-10)

B. ESTABLISHING YOUR PHARMACONIC BUSINESS/PRE-OPENING PROCEDURES (27 Pages)

Introduction	(B-1)
Developing Your Business Plan	(B-2)
Establishing Your Business Identity	(B-4)
Pre-Opening Timeline and Checklist	(B-5)
Market Analysis	(B-7)
Setting Up Your Pharmacy	(B-10)
Site Criteria	
Minimum Office Requirements	
Obtaining Site Acceptance	
Lease Considerations	
Building-Out Your Space	(B-13)
Design and Décor Specifications	
Construction Criteria	
Building Out the Facility	
Required List of Equipment	(B-17)
Initial Inventory of Supplies	(B-18)
Contracting with Required Utilities and Services	(B-19)
Obtaining Required Licenses and Permits	(B-20)
Setting Up Bank Accounts	(B-21)
Procuring Required Insurance Policies	(B-22)
Paying Taxes	(B-24)
Conducting a Business Opening	(B-25)

C. PEOPLE DEVELOPMENT (38 Pages)

Introduction	(C-1)
EEOC Guidelines in Hiring Employees	(C-2)
Wage and Labor Laws	(C-6)

Job Descriptions of the Pharmaconic Employees (C-9)

Manager
Pharmacist
Pharmacy Technician
Retail Clerk
Delivery

Recruiting Employees (C-10)

Getting the Word Out
The Interview Process
Testing Procedures
Background Check Procedures
Reference Check Procedures
License Check Procedures
Non-Compete Agreement

Hiring on a Trial Period (C-15)

Training Employees (C-16)

Orientating New Employees
Initial Training
Ongoing Training Process

Personnel Policies (C-19)

Tracking Effectiveness of Staff (C-24)

Time-Tracking Procedures (C-26)

Uniform and Dress Code (C-27)

Conducting Performance Evaluations (C-29)

Progressive Discipline Procedures (C-32)

Separation/Termination Procedures (C-35)

D. DAILY OPERATING PROCEDURES (33 Pages)

Introduction (D-1)

Hours of Operation (D-2)

Pharmacy Opening and Closing Procedures (D-3)

Opening Procedures
Closing Procedures

Customer Service Procedures	(D-6)
Customer Service Philosophy	
Quality Assurance Program	
Use of Mystery Shoppers	
Obtaining Feedback	
Handling Complaints	
Handling Refund Requests	
Understanding the Pharmaconic Customer Offering	(D-11)
Product Knowledge	
Common Questions and Their Answers	
Use of Pharmaconic Software System	(D-14)
Entering Customers in the System/Use of POS	
File Management	
Client/Facility Record Procedures	
Service Procedures	(D-16)
Overview of Service Procedures	
Greeting Customers	
Suggestive Selling Techniques	
Building Loyalty	
Transacting Sales	(D-19)
Entering Orders Using POS System	
Cash Handling Procedures	
Accepting Credit Cards	
Use of Gift Cards	
Accepting Coupons	
Handling Returns	
Merchandising Guidelines	(D-22)
Merchandising Tips	
Planograms	
Required Equipment/Facility Cleaning and Maintenance	(D-24)
Daily Cleaning and Maintenance	
Weekly Cleaning Maintenance	
Monthly Cleaning Maintenance	
Safety Procedures	(D-27)
Preventing Accidents	

Accident/Incident Reporting
Safety Best Practices

Security Issues (D-29)

Use of Safes
Key Procedures
Use of Viewing Cameras
Operating in Power Outages
Robbery and Burglary
Using the Alarm System

E. PHARMACY OPERATIONS (31 Pages)

Introduction	(E-1)
Scope of Services	(E-2)
Patient/Client Admission Procedures	(E-3)
Medication Orders	(E-5)
New Medication Orders	
Changes in Orders	
Medication Orders Transmitted to the Pharmacy	
Reorders	
Backorders	
Emergency Orders	
Patient/Client Transactions Procedures	(E-8)
Handling Medication Transactions	
Verifying Identity	
Answering Client Questions	
Delivery Policy	(E-10)
Labeling of Medication	(E-12)
Stock Supplies	(E-13)
Storage and Maintenance of Medication	(E-14)
Medication Administration Procedures (Vaccinations)	(E-15)
Controlled Substance Return/Destruction Policy	(E-16)
Record Storage Requirements	(E-17)
Drug Alert Policy	(E-18)

Ordering Schedule II Controlled Medications	(E-19)
Storage, Documentation, and Disposal of Controlled Medications	(E-20)
Drug Recall Procedure	(E-21)
Returns and Repackaged Medication Procedure	(E-22)
Diversion / Theft	(E-23)
Syringe Disposal	(E-25)
Disaster Plan	(E-26)
Troubleshooting Procedures	(E-28)
Pharmacy Reporting Form	

F. MANAGING A PHARMACONIC BUSINESS (19 Pages)

Introduction	(F-1)
Managing Personnel	(F-2)
Communicating with Employees	
Hosting Employee Meetings	
Motivating Employees	
Rewarding and Recognizing Employees	
Managing the Customer Experience	(F-5)
Communicating with Customers	
Maintaining a Positive Environment	
Facility Exterior Maintenance Schedule	
Inventory Management	(F-7)
Ordering Procedures	
Ordering from Approved Suppliers	
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Product Receiving Procedures	
Labeling and Rotating Inventory	
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Loss Prevention Techniques	(F-13)
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Handling Petty Cash	
Cash Control Summary Sheet	
Proper Banking Procedures	
Franchise Reporting Requirements	(F-17)
Royalty Payment	
Advertising Contributions	

G. MARKETING & ADVERTISING (17 Pages)

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Developing a Marketing Plan	(G-2)
Required Advertising Expenditures	(G-4)
Systemwide Advertising Requirement	
Local Advertising Requirement	
Promoting Pharmaconic in Your Area	(G-6)
Use of Media	
Using Referrals to Build Business	
Guidelines for Using Pharmaconic Marks	(G-10)
Signage and Logo Specifications	(G-11)
Public Relations	(G-12)
Community Involvement	(G-14)
Obtaining Advertising Approval for Original Ad Copy and Placement	(G-16)

EXHIBIT G

FRANCHISED OUTLETS AND FORMER FRANCHISEES

Franchised Outlets

As of December 31, 2023

New York	
Eduard Arabov, Dmitriy Perelman, & Stanislav Zavulunov 116-59 Queens Boulevard Forest Hills, New York 11375	

Former Franchisees

As of December 31, 2023

None

EXHIBIT H

STATE ADDENDA

NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK, 10005, 212-416-8236. 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 franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities,

antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective 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 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(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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.

NEW YORK RIDER TO THE PHARMACONIC FRANCHISING INC
FRANCHISE AGREEMENT

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK ("Rider") is entered into by and between Pharmaconic Franchising Inc, a New York corporation, with its principal office at 1566A Union Turnpike, New Hyde Park, New York, 11040 ("we," "us" or "our"), and _____ ("you" or "your"), whose principal business address is _____.

WHEREAS, we and you have entered into a certain Franchise Agreement dated _____, which grants you the right to operate a Pharmaconic franchise (the "Franchise Agreement");

WHEREAS, you are domiciled in New York and the Pharmaconic franchise will be located in New York, and/or any of the offering or sales activity relating to the Franchise Agreement occurred in the State of New York; and

WHEREAS, in recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680-695, we and you desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Franchise Agreement and this Rider and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. Sections 5.2.4 and 16.3.6 of the Franchise Agreement are amended by adding the following language to each Section:

However, to the extent required by applicable law, notwithstanding the signing of a General Release, 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.

2. Section 16.1.1 of the Franchise Agreement is amended by adding the following language to this Section:

However, to the extent required by applicable law, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment.

3. Section 20.3 of the Franchise Agreement is amended by adding the

following language:

New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Sections 680-695. The provisions of this Franchise Agreement shall not be deemed a waiver of any rights conferred upon Franchisee by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

4. In the event of any conflict between a provision of the Franchise Agreement and this Rider, the provision of this Rider shall control. All terms which are capitalized in this Rider and not otherwise defined, will have the meanings given to them in the Franchise Agreement. Except as amended by this Rider, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

5. Each provision of this Rider will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680-695 are met independent of this Rider.

The parties hereto have duly executed this New York Rider to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:
PHARMACONIC FRANCHISING INC

By: _____

(Print Name, Title)

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPALS:

(Print Name)

(Print Name)

EXHIBIT I

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

****NOT FOR USE IN CALIFORNIA****

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the Pharmaconic Franchising Inc Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE PHARMACONIC FRANCHISING INC, PHARMACONIC INC, PHARMACONIC BRANDS INC, ENVISION BUSINESS SOLUTIONS LLC, QUANTUM HEALTH GROUP LLC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY

FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT
RECEIVED BY FRANCHISEE (OR DEVELOPER).

Initial

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

PRINCIPALS:

Name: _____
Date: _____

Name: _____
Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
New York	<i>Pending</i>

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

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Pharmaconic Franchising Inc offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to 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 Pharmaconic Franchising Inc does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Stanislav Zavulunov
1566A Union Turnpike
New Hyde Park, New York 11040
347-389-5826

Issuance Date: July 15, 2024

I received a Disclosure Document dated July 15, 2024, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement with Attachments
EXHIBIT C: Envision Business Solutions Agreement
EXHIBIT D: Quantum Health Membership Agreement
EXHIBIT E: Financial Statements
EXHIBIT F: Operations Manual Table of Contents
EXHIBIT G: Franchised Outlets and Former Franchisees
EXHIBIT H: State Addenda
EXHIBIT I: Franchisee Acknowledgment Statement

Date Received: _____
(If other than date signed)

Date: _____

(Signature of recipient)

Print Name: _____

Print Address: _____

KEEP FOR YOUR RECORDS

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Date Received: _____
(If other than date signed)

Date: _____

(Signature of recipient)
Print Name: _____

Print Address: _____

Please return signed receipt to: Stanislav Zavulunov at Pharmaconic Franchising Inc
1566A Union Turnpike
New Hyde Park, New York 11040