

FRANCHISE DISCLOSURE DOCUMENT



FYZICAL, LLC
a Delaware limited liability
company
1751 Mound Street, Suite 102
Sarasota, Florida 34236
T: (941) 227-4122
E-Mail: info@fyzical.com
www.fyzical.com
www.fyzical/franchise.com

We offer area representative franchise opportunities to solicit prospective franchisees and support existing franchisees of the FYZICAL® franchise system.

The total investment necessary to begin operation of a new area representative franchise ranges from \$306,050 to \$1,069,500. This includes \$300,000 to \$1,000,000 that must be paid to the franchisor depending on the population of the territory granted to you.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Scott Wendrych, Chief Development Officer, 1751 Mound Street, Suite 102, Sarasota, Florida 34236 and telephone number (941) 227-4122.

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 (the "FTC"). 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.

ISSUANCE DATE: April 19, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits and losses. You should also try to obtain this information from others, like current and former area representatives. You can find their names and contact information in Item 20 or Exhibit D.
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 supplies you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 2, or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only FYZICAL® business in my area?	Item 12 and the “territory” provisions in the area representative agreement describe whether the franchisor and other area representatives can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a FYZICAL® area representative?	Item 20 or Exhibit D list current and former area representatives. 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 area representative 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 area representative 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 area representative agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your area representative 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 area representative 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 registration requirements, or to contact your state, use the agency information in Exhibit A.

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

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.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The area representative agreement requires you to resolve disputes with the franchisor by litigation filed in any state or federal court of general jurisdiction in Sarasota County, Florida. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to or litigate with the franchisor in Florida than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the area representative agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

**THE FOLLOWING PROVISIONS APPLY ONLY TO
TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

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

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the area representative or proposed transferee to pay any sums owing to the franchisor or to cure any default in the area representative agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the area representative may request the franchisor to arrange for the escrow of initial investment and other funds paid by the area representative until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

THE MICHIGAN NOTICE APPLIES ONLY TO AREA REPRESENTATIVES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN

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Item 1.
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us,” “our” and the “Company” mean FYZICAL, LLC, the franchisor. “You” and “your” means the person who buys an Area Representative Franchise (as defined below), the Area Representative (as defined below), and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

We are a Delaware limited liability company. We were originally formed as a Florida limited liability company on August 28, 2012 and converted to a Delaware limited liability company on December 22, 2017. Our principal business address is 1751 Mound Street, Suite 102, Sarasota, Florida 34236 and our telephone number is (941) 227-4122. Our registered agent for service of process in Delaware is Corporate Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808 and our registered agent for service in Florida is Cross Street Corporate Services, Inc., 200 South Orange Avenue, Sarasota, Florida 34236. Our agents for service of process in the states that require franchise registration are listed in Exhibit A to this disclosure document. We do not do business under any names other than our corporate name and the trade name “FYZICAL®”.

Under a separate disclosure document, we offer franchises for centers that provide physical therapy, medically-based physical wellness for rehabilitation, pain management, and balance to patients by licensed and qualified therapists, balance retraining and fall prevention, sports rehabilitation and programs for wellness and health in a state-of-the-art facility using proprietary methods and formulas, and wellness services (the “FYZICAL® Center”). FYZICAL® Centers offer physical therapy programs and a broad range of other wellness related services to improve physical function and the quality of life its patients. The qualified parties to whom we grant such rights are referred in this disclosure document as “Unit Franchisees” and the franchises we grant such Unit Franchisees are referred to as “Unit Franchises.” We began offering Unit Franchises on July 15, 2013. As of December 31, 2022, there were a total of 499 FYZICAL® Centers, of which 444 were franchised and 55 were owned by our affiliates. We do not currently own or operate any FYZICAL® Centers.

Under this disclosure document, we offer and grant qualified parties the right to (a) solicit and promote the sale of Unit Franchises, and (b) render certain services to Unit Franchisees in connection with the operation of Unit Franchises. The qualified parties to whom we grant such rights are referred to in this disclosure document as “Area Representatives” and the franchises we grant such Area Representatives are referred to as “Area Representative Franchises” or the “Area Representative Business.” Area Representative Franchises operate using the name “FYZICAL®” and the Marks (as defined below), and must comply with the Area Representative Standards (as defined below). We refer to the Area Representative Franchise that you will operate as “your Area Representative Business.” Since February 2015, we have granted a limited number of Area Representative Franchises. As of the issuance date of this disclosure document, we have 37 Area Representatives and we do not currently own or operate any Area Representative Businesses.

We are not engaged in any business other than as described above. Except as disclosed above, we have not conducted or offered franchises in any other line of business.

Our Parents, Predecessors and Affiliates

We do not have any predecessor. Our parent, Fyzical Acquisition Holdings LLC (“**Parent**”), was formed as a Delaware limited liability company on December 15, 2017 and shares our principal business address. Parent was formed to invest in us and certain of our affiliates by New Harbor Capital Fund II, LP and New Harbor Capital Fund II-A, L.P., investment funds that are part of New Harbor Capital, LLC.

Our affiliate, The Provider Connection, LLC, provides billing services to FYZICAL® Centers owned and operated by our affiliates and by our Unit Franchisees. The Provider Connection, LLC has been in the business of providing medical billing services since August, 2005, and was acquired by our affiliate in August, 2021. Its principal business address is 3385 Founders Club Drive, Sarasota, FL 34240. It does not offer franchises.

Except as disclosed above, we do not have any affiliates that offer franchises in any line of business or that provide products or services to our Unit Franchisees or Area Representatives.

Area Representative Business

If we elect to grant you an Area Representative Franchise, you must sign our then-current area representative agreement (an “**Area Representative Agreement**”). Our current form of Area Representative Agreement is attached to this disclosure document as Exhibit B. Under the Area Representative Agreement, you would be granted the rights to act as our authorized Area Representative within a designated geographic area (your “**Area Representative Territory**”) to (i) solicit and promote the sale of Unit Franchises within your Area Representative Territory, and (ii) render those certain support services that we designate periodically for FYZICAL® Centers operating within your Area Representative Territory (collectively, the “**Support Services**”). The Support Services include, but are not limited to: (i) assisting Unit Franchisees with site selection, and (ii) providing supervisory assistance and guidance to Unit Franchisees during their grand opening and initial operations. We do not grant our Area Representatives any management responsibility relating to the sale or operation of the Unit Franchises.

Under the Area Representative Agreement, you agree to solicit and support a minimum number of Unit Franchises, according to a specified schedule (your “**Development Schedule**”). The number of Unit Franchises in an Area Representative’s Development Schedule will vary depending on the applicable Area Representative Territory and the capabilities and qualifications of the Area Representative. The determination as to whether you have met your Development Schedule will be made based on (1) the number of Unit Franchises in your Area Representative Territory that execute an effective unit franchise agreement with us (the “**Unit Franchise Agreement**”) and continue to operate their FYZICAL® Centers, and (2) your continued compliance with the terms of your Area Representative Agreement. In some cases, we may require you to own and operate a FYZICAL® Center as a condition to entering into the Area Representative Agreement with you (the “**Pilot Center**”). In such event, you and we will enter into a Unit Franchise Agreement to govern the operation of the Pilot Center.

We will pay you a one-time commission in the amount equal to 65% of the initial franchise fee paid to us for all new FYZICAL® Centers that shall be located in the Territory during the term of your Area Representative Agreement, excluding all FYZICAL® Centers in your Area Representative Territory that either are open, or that will open pursuant to Unit Franchise Agreements that are place, as of the effective date of your Area Representative Agreement (the “**Existing Franchisees**”). For all FYZICAL® Centers that we or our affiliates open in the Territory during the term of the Area Representative Agreement, we will pay you an amount equal to 65% of our then-current initial franchise fee.

We will also pay you an amount equal to 35% of the monthly royalties we receive from all franchised FYZICAL® Centers located in your Area Representative Territory, including FYZICAL® Centers owned by you but excluding Existing Franchisees; however, for all FYZICAL® Centers that we or our affiliates open in your Area Representative Territory during the term of the Area Representative Agreement, we will pay you an amount equal to 2.1% of the gross revenue generated by such FYZICAL® Centers in the preceding month.

Market Competition and Regulations

Your competition for your Area Representative Business includes all other businesses offering and granting franchises in the Area Representative Territory, particularly those that are offering franchises for physical therapy, rehabilitation therapy, pain management therapy, and balance programs. The market for FYZICAL® Center franchises is well-established and highly competitive. However, we believe we have distinguished FYZICAL® Centers due to our individualized physical therapy programs, state-of-the-art facilities and proprietary systems, procedures and technology.

Laws and Regulations

You should consider that both the sale of franchises and the operation of physical therapy businesses are heavily regulated by federal, state and local laws, rules and ordinances. You must comply with all federal and state laws that regulate the offer and sale of franchises and comply with all franchise disclosure requirements, franchise broker registration and/or sales agent disclosure requirements and any other laws or regulations governing the sale of franchises and the relationship between franchisors and franchisees. Neither you nor any of your employees or representatives may solicit prospective franchisees of Unit Franchises until we have provided you with our current disclosure document related to the offer and sale of Unit Franchises in the Area Representative Territory and have complied with all state registration requirements, if necessary.

You must also comply with all local, state, and federal laws of general applicability to all businesses, such as laws related to employee compensation, business licensure, minimum wage laws and health and sanitation laws. You should consult with your own professional advisors, such as an attorney and accountant, regarding applicable laws and regulations. There may also be other laws applicable to your Area Representative Business. We urge you to make further inquiries about these laws.

Item 2.
BUSINESS EXPERIENCE

Chief Executive Officer: Brian Belmont

Brian Belmont has been our and Parent's Chief Executive Officer and a member of the Board of Managers of Parent since January 15, 2018. He operates out of Sarasota, Florida. Mr. Belmont previously served as the Executive Vice President of Operations and Development for Pla-Fit Franchise, LLC in Hampton, New Hampshire from April 2013 until April 2017. Since September 4, 2019, Mr. Belmont is a member of HanMac LLC based in Westminster, Colorado, which has served as our Area Representative in certain markets located in Colorado and Missouri since September 2019.

Chief Financial Officer and Executive Vice President: Eric T. Thompson

Eric Thompson has been our Chief Financial Officer and the Executive Vice-President since June 25, 2018. He operates out of Sarasota, Florida. Mr. Thompson previously served in various roles for Interline Brands (owned by The Home Depot) in Jacksonville, Florida from July 2009 to May 2018. These roles included Vice President of Strategy, FP&A, Pricing and Sales Operations.

Chief Development Officer: Scott Wendrych

Scott Wendrych has been our Chief Development Officer since March 30, 2020. He operates out of Sarasota, Florida. From September 2018 to February 2020 Mr. Wendrych served as President of Aberdeen Enterprises dba Platte River Roofing in Littleton, Colorado. Prior to that, Mr. Wendrych served as the Chief Operating Officer from February 2014 through February 2018 for Wellbiz Brands, Inc. in Englewood, Colorado.

Vice President of Marketing: Michele Whaley

Michelle Whaley has been our Vice President of Marketing since December 2022. She was our Director of National Marketing from June 17, 2019 to December 2022. She operates out of Sarasota, Florida. From August 2014 to June 2019, Ms. Whaley served as the Vice President of Marketing for Front Burner Brands in Tampa, Florida.

Vice President of Development: Christopher Hincker

Christopher Hincker has been our Vice President of Development since April 16, 2019. Prior to that, Mr. Hincker was our National Sales Director from January 1, 2018 to April 15, 2019. From February 1, 2016 to December 2017, Mr. Hincker was our Sales Associate. All of Mr. Hincker's positions with us were and are based in Sarasota, Florida.

Director of Development Services: Jim Thebeau

Jim Thebeau has been our Director of Development Services since February 1, 2021. He operates out of Columbia, Illinois. On September 30, 2019, Mr. Thebeau entered into an Area

Representative Agreement to serve as our Area Representative for St. Louis, Missouri. From December 2014 to December 2020, Mr. Thebeau served as the President of Peak Sign Co. based in Swansea, Illinois.

Expansion Manager: Zachory Keller

Zachory Keller has been our Expansion Manager since May 30, 2017. He is based in Sarasota, Florida. From January 2016 to May 2017, Mr. Keller was in Sales at DEX Imaging, Sarasota, Florida.

Expansion Manager: Vavrik Johnson Consulting Group, Inc. (“VJCGI”) and Ms. Lauren Vavrik Johnson

VJCGI has served as our Development Consultant since December 2020. Ms. Johnson has served as the President of VJCGI since August 2017. From March 2012 to August 2017, Ms. Johnson served as the Senior Vice President, Franchise Development of Wellbiz Brands. All of Ms. Johnson’s positions were held in Highlands Ranch, Colorado.

Director of Franchise Development Marketing: Cindy Bercaw

Cindy Bercaw has been our Director of Franchise Development Marketing since March 2023. Prior to that, she served as our Franchise Development Marketing Manager from April 2021 through March 2023 and as our Digital Content Manager from February 2020 to April 2021. She is based in Sarasota, Florida. From 2019 to 2020, Ms. Bercaw was a Licensed Healthcare Insurance Agent for US Health Advisors, while based out of Sarasota, Florida.

Member and President of Franchise Operations: Dr. Eric Douglass

Dr. Eric Douglass has served as our President of Franchise Operations since January 2017. From September 2015 until January 2017, Dr. Douglass served as our National Director of Education. All of Dr. Douglass’s positions with us were based in Sarasota, Florida. From August 2015 to August 2016, Dr. Douglass served as the Vice President/Clinical Services for the FYZICAL® Centers owned by FyzBiz in Bonita Springs, Florida.

Senior Vice President of Franchising: John F. Fitchett

John Fitchett became our Senior Vice President of Franchising in August 2021 and is based out of Sarasota, Florida. Prior to that, from 2016 to 2021, Mr. Fitchett was an Area Developer in certain markets in Virginia and North Carolina for Firenza Pizza, Inc.

Director of Franchise Operations: Dawn Hesse

Dawn Hesse has served as our Director of Franchise Operations since 2021. From 2018 to 2021, Ms. Hesse served as our Operations Administrative Assistant. Prior to joining us, Ms. Hesse was a Physical Therapy Assistant and Administrative Assistant in the FYZICAL® Center in Bonita Springs, Florida from 2015 to April, 2018.

Pre-Opening Conversion Manager: Anna DeHaven

Anna DeHaven became our Pre-Opening Conversion Manager in April 2021 and is based out of Denver, Colorado. Since 2020, she has been a Co-Owner of Alpine Hemp, LLC based out of Denver, Colorado. Prior to that, Ms. DeHaven served as the Project Manager for Kinetic Restoration, based out of Englewood, Colorado.

Franchise Regional Consultant (West Region): Dr. Marc Phillips

Dr. Marc Phillips has served as our Franchise Regional Consultant since October 2022 and is based out of Colorado Springs, Colorado. Since January 2013, Dr. Phillips owned a partnership interest in Falcon Physical Therapy, LLC, that owned and operated 7 outpatient physical therapy centers in Colorado Springs, Colorado. Falcon Physical Therapy, LLC and its clinics became part of the FYZICAL Franchise in October 2017 and became part of FYZICAL Company Clinics in June 2021. Dr. Phillips served as the Regional Director for the Colorado Region of FYZICAL Company Clinics from July 2021 through October 2022.

Franchise Regional Consultant (Southeast Region): Dr. Denise Etter

Dr. Denise Etter became our Southeast Franchise Regional Consultant in June 2018 and is based in Atlanta, Georgia. Prior to that, from 2006 to 2018, Dr. Etter owned partnership interest in 10 clinics with Benchmark Rehab Partners in Georgia (Hiram, Douglasville, Marietta, and Alpharetta) and Alabama (Birmingham, Helena, Crestline, Mobile, Gulf Shores, and Fairhope), and served in overseeing operations of those clinics and recruiting with an outpatient orthopedic corporation.

Franchise Regional Consultant (Center/NE Region): Mr. Tim Richardson

Tim Richardson has served as our Franchise Regional Consultant (Center/NE Region) since August 2018 and is based in West Palm Beach, Florida. Mr. Richardson also served as our National Director of Strategic Partnerships from January 2018 to August 2018. From January 2015 until December 2017, Mr. Richardson was our Vice President of Operations.

Franchise Regional Consultant (West Region): Dr. Robert Williams

Dr. Robert Williams has served as our West Franchise Regional Consultant since August 2018 and is based in Las Vegas, Nevada. From 2013 to July, 2018, Dr. Williams worked as our Chief Operating Officer for the Las Vegas clinics. Dr. Williams has worked for FYZICAL his entire professional career.

Franchise Regional Consultant (Southeast Region): Brian Sganga

Brian Sganga has served as our Franchise Regional Consultant since August 2021 and is based out of Sarasota, Florida. From December 2020 to August 2021, Mr. Sganga worked as one of our Regional Directors, based out of Lake City, Florida. From February 2020 to November

2020, Mr. Sganga worked as our Business Director. From 2014 through 2020, Mr. Sganga owned 2 FYZICAL® franchises that were located in Florida (Gainesville and Lake City).

National Director of Balance Center Development, Training and Education: Brian Werner

Brian Werner has served as our National Director for the Balance Center Programs since 2015. Prior to that, Mr. Werner was a franchise owner of the Las Vegas and Henderson FYZICAL® Centers from 2013 to 2015. Mr. Werner is based in Sarasota, Florida.

National Director of Pelvic Health: Dr. Ruth Jenkins

Dr. Ruth Jenkins has been our Regional Director Assistant and National Director of Pelvic Health and Education since March 2021. Prior to that, from 2010 to 2021, Ms. Jenkins owned 3 FYZICAL® franchises that were located in Florida (Crestview, Defuniak Springs, Niceville). Ms. Jenkins is based in Crestview, Florida.

Item 3.
LITIGATION

There is no litigation that is required to be disclosed in this item.

Item 4.
BANKRUPTCY

In Re: Werner Brian K., Werner Linda L. (U.S. Bankruptcy Court, District of Nevada (Las Vegas, Nevada) Case No. 2:14-BK-16171) On September 12, 2014, Mr. Brian Werner, our National Director of Balance Center Development, Training and Education, filed a bankruptcy petition under Chapter 7 of the United States Bankruptcy Code before the United States Bankruptcy Court for the District of Nevada. The petition was discharged on December 16, 2014.

Item 5.
INITIAL FEES

Initial Area Representative Fee. You must pay us in lump sum an initial area representative fee (the “**Initial Area Representative Fee**”) when you sign your Area Representative Agreement. The Initial Area Representative Fee will be \$0.30 for each individual residing in your Area Representative Territory. Our minimum Initial Area Representative Fee is \$300,000, and based on the population of your Area Representative Territory. The Initial Area Representative Fee is not refundable in whole or in part under any circumstances.

Item 6.
OTHER FEES

Name of Fee ¹	Amount	Due Date	Remarks ²
Transfer Fee	\$20,000	Prior to our consent to transfer.	Payable as a condition for our approval of the transfer of any ownership interest in you (if you are not an individual) or the Area Representative Agreement.
Initial, additional or refresher training	We do not charge a fee for providing the initial training to you or your attendees but we reserve the right to charge a reasonable fee of up to \$1,500 for each person who attends any refresher or additional training program. ³	As incurred	You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your attendees shall incur while attending any in-person training program.
Special training	If you request special training for your employees, all of the expenses that we incur in connection with such training, including then-current per diem charges per trainer and travel and living expenses incurred by our training personnel, will be your responsibility.	As incurred	You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your attendees shall incur while attending any in-person training program.
Advertising Materials	Our costs	As incurred	We may pass on to you the costs incurred by us for preparing marketing, advertising and promotional materials that we prepare to support of your efforts to recruit Unit Franchisees in your Area Representative Territory.
Insurance	You must reimburse our costs, plus a reasonable fee for our time incurred	When billed	If you fail to obtain the required insurance, we may obtain insurance on your behalf, and you must reimburse us for such amounts, plus a reasonable administrative fee.

Name of Fee ¹	Amount	Due Date	Remarks ²
Indemnification	Will vary under circumstances	As incurred	You must reimburse us and our affiliates if we or they are held liable for claims related to your Area Representative Business's operations or the Area Representative Agreement.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	The prevailing party in an action or proceeding must pay costs and attorneys' fees of the non-prevailing party.

Explanatory Notes

1. Except as described in this Item 6, all fees are imposed and collected by and payable to us. These fees are not refundable and are uniform to all area representatives.
2. You must make all payments due under the Area Representative Agreement in the manner we designate. We may also require you participate in an electronic funds transfer system that allows us to debit a business account you designate for all amounts you owe us on their due dates or the next business day if the due date is a national holiday or a weekend day.

Item 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment ¹	When due	To whom payment is to be made
Initial Area Representative Fee ²	\$300,000 - \$1,000,000	Lump sum	At signing of Area Representative Agreement	Us
Training Expenses (including reasonable food, lodging & travel - per person) ³	\$1,750 to \$5,000	As incurred	Before or during training	Third parties
Area Representative Computer System ⁴	\$0 - \$3,000	As incurred	As incurred	Third Parties

Type of expenditure	Amount	Method of payment ¹	When due	To whom payment is to be made
Professional Fees ⁵	\$500 - \$5,000	As incurred	As incurred	Third-party Professionals
Insurance Policies ⁶	\$300 - \$500	As incurred	As incurred	Third Parties
Miscellaneous Cost ⁷	\$500 – \$1,000	As incurred	As incurred	Third Parties
Additional Funds – 3 Months ⁸	\$3,000 - \$5,000	As incurred	As incurred	Third Parties
TOTAL – ESTIMATED INITIAL INVESTMENT ⁹	\$306,050 - \$1,069,500			

Explanatory Notes

1. Except as otherwise provided, none of the amounts payable to us or our affiliates in this table are refundable under any circumstances. All amounts payable to third parties will be paid according to the terms of your agreement with these respective third parties. If you are an existing FYZICAL® franchisee and meet all our criteria for franchisee approval, we may finance up to 50% of the Initial Area Representative Fee (See Item 10). The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

2. As described in Item 5, the Initial Area Representative Fee will be \$0.30 for each individual residing in your Area Representative Territory. Our minimum Initial Area Representative Fee is \$300,000, and based on the population of your Area Representative Territory. The Initial Area Representative Fee is not refundable in whole or in part under any circumstances.

3. You (or owners) must attend and successfully complete our initial training program not later than 30 days from the effective date of your Area Representative Agreement, unless we otherwise agree in writing. We do not charge any initial training fee. You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your attendees incur while attending the initial training program in-person. We reserve the right to determine whether such training programs shall be conducted in-person or virtually.

4. Please See Item 11 for the definition of Area Representative Computer System. You may not incur this expense if you already have an Area Representative Computer System that meets our requirement.

5. This includes fees for legal and start-up costs associated with entering into the Area Representative Agreement. These costs will vary based on the amount of professional services you elect to use, and the cost of the service providers you elect to retain.
6. You must maintain in force at your sole expense insurance coverage of the types, in the amounts, and with such terms and conditions as we may from time to time prescribe in writing. Currently, we require you to maintain errors and omissions (E&O) insurance with a comprehensive coverage of \$1,000,000. These insurance policies must be purchased from licensed insurers having a rating of “A” or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate) with a minimum Financial Size Category of VIII.
7. This includes basic office supplies, business cards, and other miscellaneous start-up costs.
8. The estimated initial investment figures described above for opening an Area Representative Franchise are based primarily on the costs incurred by us and our affiliates in developing and soliciting Unit Franchises. We have never operated an Area Representative Franchise and your costs may therefore vary from our estimate. You should review these figures carefully with a business advisor before deciding to become an Area Representative. The estimated initial investment figures provided in this chart assume that you (or your owners) are not paid any salary or wages, and do not include an estimate of such amounts or any other associated payroll costs for you (or your owners). The estimated initial investment figures provided in this chart also assume that you will not lease or develop a separate real estate premises for your Area Representative Business, and does not include the cost of leasing or developing an office space for your Area Representative Business or the cost of establishing and operating the Pilot Center (which is disclosed under our disclosure document for Unit Franchises).

Item 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

We have developed or may develop standards and specifications for materials, supplies and services to be used in connection with operating an Area Representative Business, such as Unit Franchise Agreements, disclosure documents and franchise sales and advertising materials, and supplies that are related to the franchise system. We will periodically modify and inform you in writing of our mandatory specifications, standards, operating procedures, and rules that we prescribe for exercising the area representative rights (the “**Area Representative Standards**”).

Designated and Approved Suppliers

Currently, we are the only approved supplier of Unit Franchise Agreements, disclosure documents and franchise advertising materials that you will use to solicit the sale of Unit Franchises. We provide electronic copies of such materials to you for your use at no cost. You must also purchase components of the Area Representative Computer System (as defined in Item 11) including designated hardware and software, from us, our affiliates or our approved vendors and suppliers. Neither you nor any of your employees or representatives may solicit prospective Unit Franchisees until we have provided you with our current disclosure document related to the

offer and sale of Unit Franchises in the Area Representative Territory, and have complied with all state registration requirements, if necessary. You must stop using and distributing Unit Franchise Agreements, disclosure documents and franchise advertising materials immediately on notice from us if we determine that these items need to be updated or do not comply with applicable laws regulating their use. We also require you to purchase or lease a Computer System that meets the Area Representative Standards. Currently, HubSpot is our designated software vendor. We may modify our standards and specifications for such materials at any time. We do not permit Area Representatives to contract with alternative suppliers.

Collectively, the purchases you obtain according to our specifications or from approved or designated suppliers, to begin your Area Representative Franchise represent approximately 90% of your total purchases to establish your Area Representative Franchise and up to 90% of your total purchases to operate your Area Representative Franchise.

As of the issuance date of this disclosure document, none of our officers own any interest in any third-party approved supplier.

Insurance

You must also obtain and maintain the minimum insurance coverage required by applicable law or required by us for your Area Representative Business. You will purchase all insurance policies at your own expense. Currently for your Area Representative Business, we require you to obtain and maintain Errors & Omissions insurance coverage in the minimum amount of \$1,000,000 in the aggregate. All of the required insurance policies shall name us and affiliates designated by us as additional insureds, contain a waiver of the insurance company's right of subrogation against us and the designated affiliates, and provide that we and our designated affiliates will receive 30 days' prior written notice of termination, expiration, cancellation, or modification of any such policy. We reserve the right to require you to obtain any or all insurance required by this provision from an insurance carrier(s) that we designate. These insurance policies must be purchased from licensed insurers having a rating of "A" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate) with a minimum Financial Size Category of VIII. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums.

The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance history. You must also carry the insurance required by your landlord and applicable law. We may specify an insurance agency or insurer as the designated supplier for this service.

Your obligation to obtain and maintain the policies that we require, in the amounts specified, will not be limited in any way by reason of any insurance maintained by us, nor will your performance of that obligation relieve you of your liability under the indemnity provisions in the Area Representative Agreement. If you fail to procure or maintain the insurance that we require, we may (but are not obligated to) obtain the required insurance and charge the cost of the insurance to you, plus a reasonable administrative fee.

Purchase Agreements, Material Benefits, and Revenue

We have not negotiated any purchase arrangements with manufacturers and suppliers (including price terms) for the benefit of Area Representatives, but we may do so in the future. As of the issuance date of this disclosure document, there are no purchasing or distribution cooperatives for Area Representatives. We do not provide any material benefit to our Area Representatives based on purchase of particular products or services or use of particular products.

We and/or our affiliates do not currently (but may in the future) derive revenue based on your required purchases and leases (including from charging you for goods or services we or our affiliates provide to you and from payments made to us or our affiliates by suppliers that we designate or approve for some or all of our Area Representatives).

Neither we and nor our affiliates derive any revenue or other material consideration from required purchases, supplier rebates from our suppliers based on Area Representative leases, but we may do so in the future. We do not provide material benefits to Area Representatives or Unit Franchisees for purchasing particular products or services or using designated or approved suppliers.

Item 9. **FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Area Representative Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Not applicable	Not applicable
(b) Pre-opening purchases/leases	Not applicable	Not applicable
(c) Site development and other pre-opening requirements	Not applicable	Not applicable
(d) Initial and ongoing training	Section 4(c)	Items 6, 7, and 11
(e) Opening	Section 4(a)	Item 11
(f) Fees	Section 7	Items 5, 6, and 7
(g) Compliance with standards and policies/Area Representative Manual	Sections 4(d) and 9	Items 8 and 11
(h) Trademarks and proprietary information	Sections 10 and 11	Items 13 and 14
(i) Restrictions on products/services offered	Sections 5 and 12	Items 8, 11, and 16
(j) Warranty and customer service requirements	Section 9(a)	Item 1
(k) Territorial development and sales quotas	Sections 3(a) and 4(a) and Exhibit A	Item 12

Obligation	Section in Area Representative Agreement	Disclosure Document Item
(l) On-going product/service purchases	Sections 5 and 12	Items 6, 8 and 11
(m) Maintenance, appearance and remodeling requirements	Sections 12	Not applicable
(n) Insurance	Section 12(f)	Items 6, 7 and 8
(o) Advertising	Sections 6(a), 9(b) and 12(c)	Item 11
(p) Indemnification	Sections 10(e) and 16(d)	Item 6
(q) Owner's participation/management/staffing	Sections 4(a) and 6	Item 15
(r) Records and reports	Section 6(d)	Not applicable
(s) Inspections and audits	Section 6(d)	Not applicable
(t) Transfer	Sections 13	Item 17
(u) Renewal	Not applicable	Item 17
(v) Post-termination obligations	Section 15	Item 17
(w) Non-competition covenants	Section 15(d)	Item 17
(x) Dispute resolution	Sections 18(n) and 18(o)	Item 17
(y) Guarantee	Guarantee	Item 15

Item 10.
FINANCING

If you are an existing FYZICAL® franchisee or meet certain credit requirements and are otherwise unable to obtain financing from a third party, then we may, but are not required to, finance a portion of the Initial Area Representative Fee. The following chart summarizes the terms of such financing, but the actual terms and conditions will be as agreed upon and set forth in a Promissory Note and Security Agreement and such other documents. The form of Promissory Note, Security Agreement, Personal Guaranty and UCC-1 Financing Statement are attached as Exhibit F to the disclosure document.

Topic	Provisions	Explanatory Notes
Item Financed	A portion of the Initial Area Representative Fee	
Source of Financing	Franchisor	
Amount Financed	Up to 50% of Initial Area Representative Fee	The Area Representative will pay a minimum down payment of 50% the Initial Area Representative Fee.
Term	24 months	Principal and interest amortized over a 24-month term.
APR	9.8% per annum	

Topic	Provisions	Explanatory Notes
Installment Payment	Varies, depending on the amount financed.	For a loan of \$63,000, the monthly payment would be \$2,091.32
Prepayment Penalty	None	Loan can be prepaid at any time without penalty.
Security Required	Lien on all your tangible and intangible assets	(See Note 2)
Liability Upon Default	A late charge equal to 5% of any installments of interest or principal which is not paid within 10 days of the date when the same becomes due and payable will be included with any such late payment. The default interest rate is 18% per annum or highest rate allowed by law; entire principal balance immediately due and payable; collection costs; materials breach of Area Representative Agreement.	(See Note 3)
Personal Guaranty	All of your owners must guaranty payment and performance.	(See Note 1)
Loss of Legal Rights on Default	You waive presentment, demand, protest and notice of demand and dishonor, protest and non-payment and all other legal or equitable defenses you may have.	
Governing Law	Florida law governs the Promissory Note and Security Agreement.	All actions will be brought in Sarasota County, Florida.

NOTES:

- (1) The amount financed is generally negotiated on an individual basis depending on several factors, including, your credit history, guarantees of your owners, and financial condition.
- (2) To provide us with collateral to secure your prompt payment and performance under the Promissory Note, you will execute a Security Agreement which grants us a security interest in all your tangible and intangible assets.
- (3) Upon an event of default or acceleration event, the entire unpaid principal balance and all accrued interest will be accelerated and become immediately due and payable in full, and the interest rate will increase to the lesser of 18% per annum or the maximum rate permitted by law. An “event of default” means: (a) any failure to pay any sums when due to us or our affiliates under the Promissory Note, the Area Representative Agreement or any other agreement between you (or your affiliates) and us (or our affiliates) and failure to cure such default within 5 days after receiving notice thereof; (b) any breach of the provisions of the Area Representative Agreement or any other agreement between you (or your affiliates)

and us (or our affiliates) and failure to cure such breach within the applicable cure period; (c) your assignment of the Promissory Note, or an attempt by you to assign the Promissory Note, to a third-party for the benefit of your creditors; (d) initiation of any action by you challenging the validity or enforceability of the Promissory Note or the Security Agreement; (e) any material adverse change in your financial condition or the occurrence of any event that, as determined by us in good faith, materially impairs your ability to pay the amount due under the Promissory Note; (f) filing of any insolvency or bankruptcy proceeding by or against you or the appointment of a receiver for you or any of your assets; or (g) termination of your Area Representative Agreement.

- (4) You will be responsible for payment of all stamp taxes and other costs payable with respect to the transaction evidenced by the Promissory Note and the other financing documents.

As of the date of this disclosure document we do not plan to or intend to sell, assign, or discount to any third-party any of the financing arrangements described above; however, we may reserve the right to do so in future.

Except as described above, we do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations. We do not receive any direct or indirect payments or other consideration from any person for the placement of any financing with any lender.

Item 11. **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

Assistance to Begin Operation of Your Area Representative Business

Before you open your Area Representative Business, we (or our designees will):

1. Register our current franchise disclosure document for Unit Franchises, or file for an exemption under state franchise laws, and file any documents or forms as necessary for the sale of Unit Franchises in your Area Representative Territory. (Area Representative Agreement – Section 5)
2. Provide initial training to you (or your owners) and your employees and representatives. (Area Representative Agreement – Section 4(c))
3. Review and approve or disapprove your advertising materials prior to your use of all advertising and promotional materials or provide advertising materials to you. (Area Representative Agreement – Section 9(b))

Opening Requirements

You may begin operating your Area Representative Business immediately upon completing our initial training, unless we notify you that we need to register our franchise disclosure document for Unit Franchises in your Area Representative Territory, or take any other actions required under state or federal franchise laws prior to authorizing the sale of Unit Franchises in your Area Representative Territory. In such case, there may be a delay before you may begin sales efforts in your Area Representative Territory. Such delay may be a few days or a few months depending on the state in which we must register. We do not provide you any assistance with site selection of your Area Representative Business because you are not required to operate your Area Representative Business from a designated office. However, in some cases, we may require you to own and operate a Pilot Center as a condition to entering into the Area Representative Agreement with you. In such event, the terms of site selection and opening requirements of the Pilot Center will be governed by Unit Franchise Agreement for such Pilot Center as disclosed in our Unit Franchise FDD.

Assistance During the Operation of Your Area Representative Business

During the operation of your Area Representative Business, we (or our designees) will:

1. Provide you additional training should we believe additional training is required. (Area Representative Agreement – Section 4(c))
2. Continue to maintain registration of our franchise disclosure document for Unit Franchises, or file for an exemption under state franchise laws, and file any documents or forms as necessary for the sale of Unit Franchises in your Area Representative Territory. (Area Representative Agreement – Section 5)
3. Review the application materials you submit for each prospective Franchisee in your Area Representative Territory, and approve or disapprove such prospective Franchisee. (Area Representative Agreement – Section 5)
4. Review and either approve or disapprove your advertising materials prior to your use of all advertising and promotional materials. (Area Representative Agreement – Section 12(c))

In addition to the foregoing, we may provide you general advice and supplemental resources from time to time in support of your efforts to recruit Unit Franchisees in the Area Representative Territory, including: (1) telephone consultation regarding Unit Franchise sales, Franchisee support, and Area Representative Business operations; (2) information regarding possible vendor relationships and sources of products and services for FYZICAL® Centers (3) marketing, advertising and promotional materials, the cost of which may be passed on to you; (4) our current franchise disclosure document for use in connection with the sale of Franchises; and (5) other assistance as we may deem reasonably required, including advice and guidance with respect to new and improved methods of operation or business procedures developed by us. (Area Representative Agreement – Section 9(b))

Area Representative Manual

You must comply with the Area Representative Standards that we issue in writing from time-to-time. We do not maintain a separate manual for our Area Representatives. Before you execute the Area Representative Agreement we allow you to review our Unit Franchise Manual.

Advertising and Promotion

You will be solely responsible for advertising, recruiting, screening, and interviewing prospective Unit Franchisees within the Area Representative Territory, which you must conduct at your own expense. We may elect to conduct marketing for the “FYZICAL®” brand, patronage of FYZICAL® Centers, or the sale of Unit Franchises, in your Area Representative Territory, but we are not required to do so. You are not required to participate in an advertising fund. If we do conduct marketing for the “FYZICAL®” brand we may use any form for media with local, national or regional coverage. We may prepare the advertising material in-house or outsource it to a third-party.

You must provide prospective Unit Franchisees with approved written information regarding Unit Franchises or communicate information regarding Unit Franchises via e-mail, telephone, face-to-face meetings, or visits at other FYZICAL® Centers within the Area Representative Territory. You must also provide Unit Franchisees access to advertising and promotional materials as we may periodically develop, and provide guidance on marketing practices. You must advertise in any advertising medium we determine, using forms of advertisements we approve.

Prior to their use by you, samples of all advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising, our Area Representative Standards, and any marketing and the advertising and marketing policies that we may prescribe. At least 14 days before you intend to use them, you must send us samples of all advertising, promotional and marketing materials that we have previously not approved. If we do not approve of the materials within 7 days of our receipt of such materials, then they will be deemed disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. Certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to use. In such states, you may not use any advertising materials until we have filed them with the appropriate state agencies. You may not file any franchise sales advertising materials with any state agencies yourself. We and our affiliates may charge you for the costs incurred by us in relation with advertising and marketing materials supplied to you at your request.

We may decide to provide you a supply of stock digital templates that we develop for advertising, marketing and promotional materials. We may also decide to provide you modified or additional templates that you have requested. If we provide you any additional or modified templates that you have requested, we may charge you the direct costs we incur in creating those templates, including any fees paid to third party service providers. You will bear all costs associated with producing, shipping, handling and storing marketing and advertising materials created using templates we have provided.

Local Advertising. You are required to conduct advertising, at your expense, to solicit prospective Unit Franchisees in your Area Representative Territory. You must advertise in any advertising medium we determine, using forms of advertisement we approve. Currently, we require you to spend a minimum amount of \$1,000 per month for lead generation marketing within your Area Representative Territory (the “Local Advertising Expenditure”). We reserve the right to increase the Local Advertising Expenditure amount provided we give you 30 days’ prior written notice. We may periodically require to you send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures during the preceding month and year to date.

Local Advertising Cooperative. You are not required to participate in a local or regional advertising cooperative.

Franchisee Advisory Council. We do not have a franchisee advisory council that advises us on advertising policies, though we may establish such a council in the future.

Marketing Fund. We do not require our Area Representatives to contribute to any marketing fund.

Franchise System Website. We have the right to control or designate the manner of your use of all URLs, domain names, website addresses, metatags, links, key words, social networks, e-mail addresses and any other means of electronic identification or origin (“e-names”). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chatrooms, linking, framing, on-line purchasing cooperatives, marketplaces, social networks, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, “e-commerce”). You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce that we designate or operate. We may require that you provide information to us via e-commerce. You agree to be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that we establish from time to time. We may require you to, at your expense, coordinate your e-commerce activities with us, other FYZICAL® Centers, suppliers and affiliates.

We may require you to participate in any Internet or Intranet networks we establish (the “MIS System”) and obtain at your expense ISP and ASP services and the like that we require. We also may maintain one or more social media sites (e.g., www.twitter.com, www.facebook.com, www.instagram.com, www.pinterest.com or such other social media sites). You shall not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may designate from time to time regional or territory-specific user names/handles that you must maintain. You will adhere to any social media policies that we establish from time to time and will require all of your employees to do so as well. You must ensure that none of your owners, managers or employees use our Marks on the Internet or World Wide Web, except in strict compliance with these social media policies. Use of social

media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with the Area Representative Standards, including our then-current take-down policy.

Computer System

Before you begin operating your Area Representative Business, you must obtain one personal computer/laptop, printer, those certain hardware and software that we designate, highspeed internet connection, and a telephone line with 24-hour professional answering service or voicemail (collectively, the “**Area Representative Computer System**”). We, our affiliates, or our designated suppliers have no contractual obligation to provide ongoing maintenance, repairs, upgrades, or updates to the Area Representative Computer System. Currently, the Area Representative Computer System is comprised of:

- One desktop or laptop computer with internet connectivity
- Standard business software (i.e., HubSpot)
- A printer
- Highspeed internet connection
- Telephone line with 24-hour professional answering service or voicemail

Except for the HubSpot software, you may purchase the components of the Area Representative Computer System from any vendor and supplier of your choosing as long as it meets our standards and specifications.

The cost of purchasing the Area Representative Computer System may vary depending on whether you elect to purchase additional components or software programs, the premises you use to operate your Area Representative Business, and the high speed internet access available in your area. Currently, we estimate the cost of the Area Representative Computer System to be approximately \$0 - \$3,000. The low range estimate of \$0 assumes you already own all the necessary components of the Area Representative Computer System. We estimate that your annual cost to maintain your Area Representative Computer System will not exceed \$1,000.

We may, at any time, inspect the Area Representative Computer System and access the data stored on it. We also have direct independent access to some of the data stored on the Area Representative Computer System.

Ongoing Computer System Requirements. You must obtain and use any Area Representative Computer System components that we may later specify, and/or obtain service and support, as we require. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs.

Training

Initial Training

We will provide an initial training program for you and your owners and representatives for a period of approximately 3 to 4 days. We recommend, but do not require, that your employees

and office manager also attend the initial training program. We will train these individuals at no additional charge to you. You (or owners) must complete our initial training program to our satisfaction within 30 days from the effective date of your Unit Franchise Agreement. We may, in our sole-discretion, offer training either virtually or in-person at our corporate headquarters (currently located in Sarasota, Florida), a company-owned Center, or at any other location or franchised location that we designate.

The below table provides a breakdown of the schedule of our initial training program as it is conducted on the issuance date of this disclosure document:

INITIAL TRAINING PROGRAM

Pre-Lab	Hours of Online Training	Location
Terminology 101	0:40	Virtually, via the Internet
Pillars of Success	1:50	Virtually, via the Internet
ONBOARDING - Chart of Accounts	0:20	Virtually, via the Internet
Doing Business As Instructions	0:05	Virtually, via the Internet
10 Point Management System	0:10	Virtually, via the Internet
Organizational Chart	0:10	Virtually, via the Internet
ONBOARDING Revenue Cycle Management (RCM) - Intro and Team	4:00	Virtually, via the Internet
202 Daily Management Report	1:45	Virtually, via the Internet
Introduction to Marketing at FYZICAL	0:45	Virtually, via the Internet
Introduction to the FYZICAL Brand Book	0:45	Virtually, via the Internet
Web Marketing Overview	0:45	Virtually, via the Internet
Overview of FYZICIAN Liaison Program	0:45	Virtually, via the Internet
FYZICIAN Liaison 101 & Growth Strategies	0:45	Virtually, via the Internet
FYZICIAN Liaison Tracking &	0:45	Virtually, via the Internet
Marketing Pre-Planning	0:45	Virtually, via the Internet
Developing your Annual Marketing	0:45	Virtually, via the Internet
Developing your Annual Marketing Plan	0:45	Virtually, via the Internet
Developing your Marketing KPIs	0:45	Virtually, via the Internet
Total Time	16.5	

FYZICAL Orientation		
Day 1 8:15 AM Monday		
Title	Location	Duration
Intro and Welcome	SRQ	0:25
Intro to FYZICAL/MVC	SRQ	0:55
Brand Book	SRQ	0:25
BREAK	SRQ	0:15
Business of Balance	SRQ	2:00
LUNCH	SRQ	0:40
Pre-Open Resources	SRQ	1:30
BREAK	SRQ	0:15
Pre-Open Resources	SRQ	1:30
Cares Overview	SRQ	0:50
Orientation Day 1 Total Time		8:20
Day 2 8:15 AM Tuesday		
General Aspects of the Practice	SRQ	0:45
COA and QB	SRQ	0:45
FA Review/Royalty Reporting	SRQ	0:30
Break	SRQ	0:15
Strata PT Calculator	SRQ	0:15
Goal Setting/ Break Even/Operating \$	SRQ	0:45
Create Your Operating Budget	SRQ	0:45
LUNCH	SRQ	0:40
Pillars and Vitals/ KPI Workshop	SRQ	0:30
Daily Management Report Set Up and Referral Management	SRQ	0:30
Break	SRQ	0:15
BI Case Studies	SRQ	1:30
Decision Tree	SRQ	0:45
Prepare for Marketing	SRQ	0:20
Orientation Day 2 Total Time		8:30
Day 3 8:15 AM Wednesday - Marketing		
Introductions/Activating your FYZICAL Resources/Marketing Tiers	SRQ	0:45
Marketing Planning & Budget	SRQ	0:45
Utilizing Marketing Planning Tools/Team Communication	SRQ	0:30
Break	SRQ	0:15
Overview of PR/PR Toolkit/Local & National PR	SRQ	0:45
Web Marketing Overview	SRQ	0:15

Web Marketing - fyzical.com microsite and GBP	SRQ	1:00
LUNCH	SRQ	0:40
Web Marketing - Reviews, Email Marketing & FYZICAL Marketing Hub	SRQ	0:30
Brand Standards/Creative Style Guide & FYZICAL Portal	SRQ	1:30
Break	SRQ	0:15
FYZICIAN Liaison & Local Activation	SRQ	0:45
Orientation Day 3 Total Time		7:55
FYZICAL Lab		
Day 1 8:15AM Thursday		
Title	Location	Duration
Morning Intro	SRQ	0:05
10 Point Management	SRQ	0:20
Organization Chart and Workshop	SRQ	0:50
Hiring and Staffing	SRQ	0:45
BREAK	SRQ	0:15
CCS	SRQ	1:15
MIPS	SRQ	0:30
LUNCH	SRQ	0:40
Revenue Cycle Management (with 1 on 1 added)	SRQ	0:45
TPC Billing Practices and Expectations	SRQ	0:30
Risk Mitigation	SRQ	0:45
BREAK	SRQ	0:15
Medicare Compliance Manual - Why	SRQ	0:30
Performance Based Culture with AMA vs MCR 8 min rule	SRQ	1:00
Lab Day 1 Total Time		8:25
Day 2 8:15 AM Friday		
Title	Presenter	Duration
Morning Intro	SRQ	0:05
Pillars	SRQ	0:40
Vitals	SRQ	0:30
DMR	SRQ	0:45
Break	SRQ	0:15
BI with DMR and DCPR	SRQ	0:30
DCPR	SRQ	0:45
LUNCH	SRQ	0:40
BI Case Studies	SRQ	1:30
Decision Tree	SRQ	0:45
Clinical Lab Rotations	SRQ	1:00
Lab Day 2 Total Time		7:25

The time periods allocated to the subjects listed above are approximations, and the time actually invested by you and your personnel may vary based on the experience and performance

of those persons being trained. On-the-job training will occur on an as-needed basis as part of the initial training program. The instructional materials used in the initial training will consist primarily of our Unit Franchise Manual and other handouts, and lectures. You will not be charged an additional fee for any of the training materials.

You will be responsible for costs incurred by your trainees while attending our initial training program such as costs related to their travel, meals, lodging, etc.

Our training is conducted by: (a) Dr. Eric Douglass, who has been one of our members and franchise owners since May 2015 and has more than 30 years of experience in the field; (b) Tim Richardson, who has been with our operations since December, 2014 and has more than 24 years of experience in the field; (c) Brian Werner who has been our National Balance Director since May 2015 and has over 23 years of experience in the field; (d) Denise Etter, who has been one of our Regional Consultants since June of 2018 and has more than 33 years in the field; (e) Dr. Robert Williams who has been one of our Regional Consultants since August 2018 and has more than 12 years of experience in the field; (f) Brian Sganga who has been one of our Regional Consultants since 2022 and has more than 26 years of experience in the field; (g) Melinda Sganga who has been one of our Franchise Support Consultants since 2022 and has more than 26 years of experience in the field; (h) Gavin Hamer who became our National Director of Education in October of 2017 and has more than 43 years of experience in the field; (i) Ginger Kimmel who has been one of our Franchise Administrative Consultants since 2021 and has more than 28 of experience in the field; (j) Dawn Hesse who has been of our Director of Franchise Operations since 2021 and has more than 9 YEARS of experience in the field; (k) Michele Whaley who has been our Vice President of Marketing since 2022 and has more than 30 years of experience in the field; and (l) Justen English who became our Marketing Manager in 2021 and has more than 8 years of experience in the field.

Initial On-Site Assistance

We will not provide any on-site opening assistance in connection with your Area Representative Business.

Ongoing Training

We may (i) hold periodic national or regional conferences, including an annual conference (up to 2 days in duration), to discuss various business issues and operational and general business concerns affecting FYZICAL® Centers, and (ii) require you to attend various trade shows and webinars at the times and locations designated by us. Attendance at these conferences, trade shows, and webinars may be optional or mandatory, as we determine in our sole discretion, but we will not require attendance at more than 1 mandatory conference during any 12-month period. We may, in our discretion, conduct the training programs or the conference either virtually or in-person at a location of our choice. We do not charge a fee for providing the initial training to you or your attendees but we reserve the right to charge a reasonable fee not to exceed \$1,500 for each person who attends any refresher or additional training program. If you request additional or special training for your employees, all of the expenses that we incur in connection with such training, including then-current per diem charges and travel and living expenses incurred by our training personnel, will be your responsibility. The foregoing fees are due immediately before the training

begins. You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your attendees incur while attending any training program or conference.

Item 12. **TERRITORY**

You will not receive an exclusive territory under the Area Representative Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, while you are in compliance with the Area Representative Agreement, including your Development Schedule, we and our affiliates will not offer or grant another person an Area Representative Franchise for development of FYZICAL® Centers within the Area Representative Territory. Other than the Area Representative Territory identified in your Area Representative Agreement, there is no minimum territory we must provide Area Representative Franchises. Your rights in your Area Representative Territory are dependent on you achieving a sales volume consistent with your Development Schedule, and your continued compliance with the terms of your Area Representative Agreement. If you fail to meet your Development Schedule, or fail to comply with your Area Representative Agreement, we may elect to terminate your Area Representative Franchise.

Except for your rights in the Area Representative Territory as described above, we and our affiliates retain all rights to (without compensation or obligation whatsoever to you except as otherwise specifically provided in the Area Representative Agreement):

- (1) to use, and to license others to use, the Marks or the FYZICAL® franchise system to enter Area Representative Agreements for any location outside of your Area Representative Territory;
- (2) to own and operate FYZICAL® Centers at any location, including the Area Representative Territory, subject to your right to receive compensation as described in Section 7 of the Area Representative Agreement;
- (3) to use the Marks to solicit prospective Unit Franchisees and to grant to Unit Franchises the right operate FYZICAL® Centers, at such locations within and outside of your Area Representative Territory, on such terms and conditions as we deem appropriate (subject to your right to receive compensation as described in Section 7 of the Area Representative Agreement);
- (4) the right to establish, operate, promote, sell or support, and allow others to establish, operate, promote, sell or support, businesses providing products or services the same as or similar to those provided at the FYZICAL® Centers anywhere, including within your Area Representative Territory, under any trade names, trademarks, service marks and commercial symbols different from the Marks;
- (5) to use the Marks the FYZICAL® franchise system in connection with some or all of the same products and services offered by the FYZICAL® Centers, other services and products, promotional and marketing efforts or related items, or in alternative channels of

distribution at any location, or through the internet, including within your Area Representative Territory; and

(6) to engage in all other activities not expressly prohibited by your Area Representative Agreement.

We are not required to compensate you if we exercise any of the rights specified above inside or outside your Area Representative Territory. You are not granted any options, rights of first refusal or similar rights to acquire additional area representative rights or to expand your Area Representative Territory under the Area Representative Agreement. There is no specific minimum or maximum area that must be included in the Area Representative Territory.



You may use alternative channels of distribution, including catalog sales, telemarketing or other direct marketing only in accordance with the terms of your Area Representative Agreement. You shall not operate your Area Representative Business outside your Area Representative Territory. We do not allow Area Representatives to relocate their Area Representative Territory.

Although we are not restricted from doing so, we and our affiliates have not established and do not currently intend to establish any other franchises or company-owned outlets offering similar services or goods under a different trademark anywhere in the United States.

Item 13.
TRADEMARKS

The Area Representative Agreement grants you the right to operate your Area Representative Business under the trademark and service mark “FYZICAL® plus design” and related trademarks, service marks, logos and commercial symbols, and to use any future marks we authorize (the “Marks”). You agree to use the Marks in strict accordance with the Area Representative Agreement and the Area Representative Standards.

The following schedule lists the principal Marks that you are licensed to use, which are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
 Word and design	4478721	February 4, 2014
 Design only	4413815	October 8, 2013
FYZICAL Word only	5079869	November 8, 2016
BODYQ	5177181	April 4, 2017

MARK	REGISTRATION NUMBER	REGISTRATION DATE
LOVE YOUR LIFE	5358886	December 19, 2017
MSBD	5453869	April 24, 2018
CATCH ME BEFORE I FALL	4970119	May 31, 2016

We own the Marks. You agree to follow our rules when using the Marks and not use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must not use the Marks in connection with the sale of any product or service that is not previously authorized by us in writing.

We reserve the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that substitution will be beneficial to the System. If we do, you agree if requested to discontinue or modify your use of any Mark or use one or more additional or substitute Marks, at your expense. You agree to comply with our directions within the time period prescribed in our notice. We will not be obligated to reimburse you for any expenses or loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

You agree to notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You agree to not directly or indirectly contest our right to the Marks. We will indemnify you and your owners, directors, officers, employees, agents, successors, and assigns against, and reimburse the foregoing persons for, any claims asserted against them by third-parties in any trademark infringement proceeding disputing arising out of your authorized use of any Mark; provided that, you promptly notify us of the proceeding and comply with our reasonable directions in responding to the proceeding.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks. All required affidavits of use have been filed in a timely manner.

Item 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Neither Parent nor we own any patents that are material to the franchise or your Area Representative Business. We do not have any pending patent applications that are material to the franchise. We and/or our affiliates claim copyrights in the written Area Representative Standards (which contains our trade secrets), Unit Franchise Manual, handbooks, the MIS System, advertising and marketing materials, all or part of the Marks, and other portions of the franchise system and other similar materials used in operating Area Representative Franchises, Unit

Franchises, and FYZICAL® Centers generally. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Area Representative Business (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the Confidential Information (defined below) or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. We need not protect or defend our copyrights, although we intend to do so if we determine that it is in the best interests of our franchise system. We may control any action involving the copyrights, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright.

Our Area Representative Standards and other materials contain our and our affiliates' confidential information (some of which constitutes trade secrets under applicable law) (the “**Confidential Information**”). This information includes specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating Area Representative Franchises, Unit Franchises and FYZICAL® Centers, training and operations materials, methods, formats, knowledge and specifications regarding suppliers of products and supplies; marketing and advertising programs and strategies for Area Representative Franchises, Unit Franchises, FYZICAL® Centers, any computer software or similar technology that is proprietary to us or the FYZICAL® franchise system, strategic plans, expansion goals, targeted demographics, knowledge of the operating results and financial performance of Area Representative Franchises, Unit Franchises, FYZICAL® Centers, and information regarding any FYZICAL® Center members.

All ideas, concepts, techniques, or materials concerning any Area Representative Franchises, Unit Franchises or FYZICAL® Centers, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

All information about your customers and prospective Unit Franchisees is owned by us and you may only use that information for the promotion of your Area Representative Business.

Item 15.
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE
FRANCHISE BUSINESS

Under the Area Representative Agreement, your Area Representative Business shall at all times be under the direct, day-to-day, full-time supervision of you (or your owners). You shall at

all times own and control your Area Representative Business, and you must provide us with satisfactory proof of ownership. If you are not an individual, all of your direct and indirect owners must execute the Guaranty and Assumption of your Obligations attached as Exhibit D to the Area Representative Agreement, personally assuming and agreeing to perform all obligations of the Area Representative under the Area Representative Agreement. In addition, if these owners are married, their spouse may have to consent in writing to their signing of the guaranty. Such spousal consent also serves to bind the assets of the marital estate to the owner's performance of the guaranty.

If you are not in compliance with your development obligation under the Area Representative Agreement, we reserve the right to require you to hire at least one full-time sales associate who will solicit prospective franchisees and attain the development schedule. You are solely responsible for training all of your employees and ensuring they are fully trained to perform their duties.

You may not use our Confidential Information in an unauthorized manner. You must adopt and implement procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to your employees and affiliates, and using non-disclosure and non-competition agreements with those having access to Confidential Information in a form determined by us. We may regulate the form of agreement that you use and we will be a third-party beneficiary of that agreement with independent enforcement rights.

Item 16.

RESTRICTIONS ON WHAT THE AREA REPRESENTATIVE MAY SELL

Your Area Representative Business must offer only Unit Franchises and provide the Support Services we authorize. You must offer all the products and services that we require you to offer, which we may modify periodically without any limitation on our right to do so.

You are not authorized to sign any Unit Franchise Agreements on our behalf. Neither you nor any of your employees or representatives may solicit prospective Unit Franchisees until we have registered our current franchise disclosure document in applicable jurisdictions and have provided you with the requisite documents, or at any time when we notify you that our registration is not then in effect or our documents are not then in compliance with applicable law. We and our affiliates and designees are not liable to you for any errors, omissions, or delays which occur in the preparation of such materials. You may not use the services of any third-party sales brokers unless we have a prior contractual relationship with such brokers and we grant you our prior approval to use such brokers.

You are also required to provide the Support Services to all Unit Franchisees in your Area Representative Territory which include, but are not limited to: (i) assisting Unit Franchisees with site selection, and (ii) providing supervisory assistance and guidance to Unit Franchisees during their grand opening and initial operations.

Item 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Area Representative Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Area Representative Agreement	Summary
(a) Length of the franchise term	Section 2	Term of the Area Representative Agreement is 10 years.
(b) Renewal or extension of the term	Not applicable	Not applicable
(c) Requirements to renew or extend	Not applicable	Not applicable
(d) Termination by franchisee	Not applicable	Not applicable
(e) Termination by franchisor without cause	None	We may not terminate the Area Representative Agreement without cause.
(f) Termination by franchisor with cause	Section 14	We may terminate the Area Representative Agreement only if you materially breach the Area Representative Agreement or commit one of several violations.
(g) “Cause” defined — curable defaults	Section 14	We have the right to terminate the Area Representative Agreement effective 60 days after delivery of a written notice to you if you have materially breached the Area Representative Agreement, or if the breach cannot reasonably be cured within such 60-day period.

Provision	Section in Area Representative Agreement	Summary
(h) “Cause” defined — non-curable defaults	Section 14	<p>The following are non-curable causes for termination: (i) material misrepresentation or omission either in acquiring the rights under the Area Representation Agreement or during the course of performance of your obligations under the Area Representation Agreement; (ii) your abandonment, surrender, unauthorized transfer of control, or failure to actively perform your obligations under the Area Representation Agreement for a period of 14 consecutive days or any shorter period that indicates an intent by you to discontinue the performance of your obligations; (iii) your failure to comply with your development obligations for two or more consecutive Development Quarters in accordance with the Development Schedule; (iv) your transfer or attempt to transfer the Area Representative Business in violation of the Area Representative Agreement; (v) conviction of, or guilty plea by, you or your owners to a felony charge; (vi) your unauthorized use or disclosure of any Confidential Information; (vii) your dishonest or unethical conduct which may adversely affect our goodwill; (viii) your failure to pay taxes when due; your failure to comply with the obligations under the Area Representative Agreement; (ix) termination of any Unit Franchise Agreement or any other agreement between you (or your affiliates) and us (or our affiliates); (x) blockage of your or your owners’ assets under any anti-terrorism laws; (xi) your violation of any applicable law; and (xii) your insolvency.</p>

Provision	Section in Area Representative Agreement	Summary
(i) Franchisee's obligations on termination/non-renewal	Section 15	Upon termination, you must cease identifying yourself as our Area Representative, return to us all advertising materials, forms and other materials containing any Mark, cease using any aspect of our franchise system other than under a Unit Franchise Agreement with us, take such actions as may be required to cancel any and all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks, associated with your status as an Area Representative return all access disks and return or destroy the software furnished you by us, if any, and terminate all use of e-names, web sites, web pages or any other aspect of e-commerce relating to us or the FYZICAL® franchise system.
(j) Assignment of contract by franchisor	Section 13(a)	There is no restriction on our right to assign your Area Representative Agreement.
(k) "Transfer" by franchisee — defined	Section 13(b)	A transfer includes the voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, encumbrance or other disposition by you of any interest in the Area Representative Agreement and also includes transfer of more than 25% ownership interest in you, transfer of interest in a divorce proceeding or otherwise by operation of law.
(l) Franchisor approval of transfer by franchisee	Section 13(b)	You may not transfer the Area Representative Agreement without our prior written approval.

Provision	Section in Area Representative Agreement	Summary
(m) Conditions for franchisor approval of transfer	Section 13(b)	We may grant our consent to transfer subject to the following conditions must be met before or concurrently with the effective date of the transfer: (i) the transferee must meet all our qualifying criteria; (ii) you must have not violated the Area Representative Agreement or any other agreement with us or our affiliates during both the 60-day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer; (iii) neither the transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business; (iv) the transferee (or its owners) must agree to satisfactorily completes our then-current initial training; (v) the transferee must sign our then-current form of area representative agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in your Area Representative Agreement; (vi) all individuals and entities who will be direct or indirect owners of transferee must execute or have executed a guaranty in the form we prescribe; (vii) you pay us or cause the transferee to pay us the transfer fee equal to \$20,000; and (viii) you (and your owners) sign a general release in a form satisfactory to us, to release any and all claims against us and our owners, officers, directors, employees, and agents.
(n) Franchisor's right of first refusal to acquire your business	Section 13(d)	We have a 30-day right of first refusal and can match offers under the Area Representative Agreement.
(o) Franchisor's option to purchase your business	Not applicable	Not applicable
(p) Your death or disability	Not applicable	Not applicable

Provision	Section in Area Representative Agreement	Summary
(q) Non-competition covenants during the term of the franchise	Section 11(d)	During the term of the Area Representative Agreement neither you nor your direct or indirect owners or the immediate family members of each of the foregoing persons will (i) engage in any Competitive Business, (ii) have any direct or indirect interest in any Competitive Business, or (iii) divert business from us to any Competitive Business. “Competitive Business” means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any business or establishment that performs physical therapy, balance and vestibular therapy and medical based wellness. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker or the like for any business franchising or licensing Competitive Businesses other than us. Nevertheless, the foregoing does not prohibit you from acquiring less than 5% ownership interest in any Competitive Business that is a publicly traded entity.
(r) Non-competition covenants after the franchise is terminated or expires	Section 15(d)	For a period of 2 years commencing on the effective date of termination or transfer, neither you nor your direct or indirect owners or the immediate family member of each of the foregoing persons will (1) have any direct or indirect interest (through a member of any immediate family of you or your shareholders or partners or otherwise) in any: (i) Competitive Business located or operating within your Area Representative Territory; (ii) business offering or selling franchises for a Competitive Business; or (iii) Competitive Business located or operating within a 10-mile radius of any other FYZICAL® Center; nor (2) engage in any business transactions with our Unit Franchisees.
(s) Modification of the agreement	Section 18(c) and 18 (g)	No modification unless by written agreement of both parties, but our Area Representative Standards are subject to change without your approval.

Provision	Section in Area Representative Agreement	Summary
(t) Integration/merger clause	Section 18(g)	The Area Representative Agreement, including the introduction, addenda and exhibits to it and all ancillary agreements executed contemporaneously with this Agreement, constitutes the entire agreement between you and us with reference to the subject matter of thereof (subject to applicable state law). Any representations or promises made outside of the disclosure document, the Area Representative Agreement, or other related agreements executed between you and us may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 18(o)	All disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants (subject to applicable law).
(v) Choice of forum	Section 18(p)	You and we consent and irrevocably submit to the exclusive jurisdiction and venue of any state or federal court of competent jurisdiction located in Sarasota County, Florida (subject to state law). However, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, in any federal or state court in the state in which you reside or your Area Representative Business is located.
(w) Choice of law	Section 18(n)	Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.) law of the State of Florida shall apply (subject to applicable law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit G.

Item 18.
PUBLIC FIGURES

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

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 financial performance representations about any Area Representative’s future financial performance or the past financial performance of company-owned or franchised Area Representative Businesses. 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 Area Representative Franchise, however, we may provide you with the actual records of that Area Representative Franchise. 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 Merissa Kihnke, 1751 Mound Street, Suite 102, Sarasota, Florida 34236 and (941) 444-2209, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20.
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE AREA REPRESENTATIVE FRANCHISES SUMMARY FOR
FOR YEARS 2020 to 2022

Outlet Type	Year	Area Representative Franchises at the Start of the Year	Area Representative Franchises at the End of the Year	Net Change
Franchised	2020	9	11	+2
	2021	11	19	+8
	2022	19	37	+18
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Businesses	2020	9	11	+2
	2021	11	19	+8
	2022	19	37	+18

TABLE NO. 2
TRANSFERS OF AREA REPRESENTATIVE FRANCHISES FROM AREA REPRESENTATIVES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022¹

State	Year	Number of Transfers
Florida	2020	0
	2021	0
	2022	1
Total	2020	0
	2021	0
	2022	1

TABLE NO. 3
STATUS OF AREA REPRESENTATIVE FRANCHISES FOR YEARS 2020 TO 2022¹

State	Year	Area Rep. Franchises at Start of Year	Area Rep. Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Area Representative Franchises at the End of the Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Alaska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Colorado	2020	1	1	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	3	0	0	0	0	5
	2020	0	0	0	0	0	0	0

State	Year	Area Rep. Franchises at Start of Year	Area Rep. Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Area Representative Franchises at the End of the Year
Georgia	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Illinois	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maine	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Massachusetts	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Mississippi	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Pennsylvania	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

State	Year	Area Rep. Franchises at Start of Year	Area Rep. Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Area Representative Franchises at the End of the Year
	2022	0	1	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
	2022	4	2	0	0	0	0	6
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Wisconsin	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Totals	2020	9	2	0	0	0	0	11
	2021	11	9	1	0	0	0	19
	2022	19	18	0	0	0	0	37

**TABLE NO. 4
STATUS OF COMPANY-OWNED AREA REPRESENTATIVE FRANCHISES
FOR YEARS 2020 TO 2022¹**

State	Year	Area Representative Franchises at Start of Year	Area Representative Franchises Opened	Area Representative Franchises Reacquired from Franchisee	Area Representative Franchises Closed	Area Representative Franchises Sold to Franchisee	Area Representative Franchises at End of Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**TABLE NO. 5
PROJECTED OPENINGS AS OF THE
ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT**

State	Area Representative Agreements Signed But Not Opened	Projected New Area Representatives in the Next Fiscal Year	Projected New Company-Owned Area Representative Franchises in the Next Fiscal Year
Arizona	0	0	0
California	0	4	0
Georgia	0	0	0
Massachusetts	0	1	0
Michigan	0	0	0
Minnesota	0	0	0
Nevada	0	1	0
Oregon	0	0	0
Texas	0	0	0
Washington	0	1	0
Wisconsin	0	0	0
Totals	0	7	0

Notes to table 1 to 5

1. Unless otherwise indicated, all figures in these Item 20 charts are as of December 31 of each year.
2. 2 Area Representative Businesses are owned by our officers.

A list of all Area Representatives, as well as their addresses and telephone numbers is attached as Exhibit D to this disclosure document. During the most recently completed fiscal year, our affiliate acquired the seven FYZICAL® Centers owned by one Area Representative and we agreed to a mutual termination of his Area Representative Agreement. There were no other Area Representatives who had an Area Representative Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Area Representative Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy an Area Representative Franchise, your contact information may be disclosed to buyers when you leave the franchise system.

No Area Representative has signed confidentiality agreements during the last 3 fiscal years restricting its ability to speak openly about its experience with our franchise system. We are not aware of any trademark-specific Area Representative or Franchisee organizations associated with our franchise system.

Item 21.
FINANCIAL STATEMENTS

Attached as Exhibit C to this disclosure document are our (i) audited financial statements for the fiscal years that ended on December 31, 2022, December 31, 2021, and December 31, 2020, and (ii) our unaudited balance sheet and income statement issued as of February 28, 2023. Our fiscal year ends on December 31. We have adopted the provisions of FASB ASC Topic 606 and our accountant used the modified retrospective method in determining the revenue recognition under the current standards.

Item 22.
CONTRACTS

The following contracts are attached as exhibits to this disclosure document:

- (a) Area Representative Agreement – Exhibit B
- (b) Sample General Release – Exhibit E
- (c) Form of Promissory Note, Security Agreement and UCC-1 Financing Statement – Exhibit F

Item 23.
RECEIPTS

Exhibit H contains detachable documents acknowledging your receipt of this disclosure document.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Our registered agent for service of process in Delaware is:

Corporation Service Company
251 Little Falls Drive
Wilmington, Delaware 19808

Our registered agent for service in Florida is:

Cross Street Corporate Services, Inc.
200 South Orange Avenue
Sarasota, Florida 34236

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA

Department of Financial Protection & Innovation
Commissioner of Financial Protection & Innovation
1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

Commissioner of Securities of the
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General’s Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

Office of the New York State Attorney
General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

(agent for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

(state administrator)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Business Services Division of
Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division

P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial
Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial
Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT B

AREA REPRESENTATIVE AGREEMENT



AREA REPRESENTATIVE AGREEMENT

BETWEEN

FYZICAL, LLC

AND

[_____]

Effective Date:

Franchisor:

FYZICAL, LLC
1751 Mound Street
Sarasota, Florida 34236

Area Representative:

Territory:

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Exhibit

- A: Development Schedule
- B: Territory
- C: Existing Franchises
- D: Guaranty

AREA REPRESENTATIVE AGREEMENT

THIS AREA REPRESENTATIVE AGREEMENT (this “Agreement”) is effective on _____ (the (“Effective Date”) (regardless of the actual date of signature), by **FYZICAL, LLC**, a Delaware limited liability company (“we,” “us” or “our” or the “Franchisor”), and _____ a/an _____ (collectively, “you” or “your”) (you and we are sometimes collectively referred to as the “parties” and each are sometimes separately referred to as a “party”).

BACKGROUND INFORMATION:

A. **FYZICAL® System.** We and our affiliates have expended considerable time and effort developing the System (as defined below) for the operation of a rehabilitation center that provides physical therapy and other rehabilitation services, including, without limitation, pain management, balance programs, and other related products and services, that we authorize from time to time. (a “**FYZICAL® Center**”). FYZICAL® Centers operate under the service mark and trade name “FYZICAL®” and associated logos, and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, protocols and curriculum, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the “**System**”).

We use, promote and license in the operation of an FYZICAL® Center certain trademarks, service marks and other commercial symbols, including the trade and service mark “**FYZICAL®**” and associated logos, designs, artwork and trade dress, trademarks, service marks, commercial symbols, and e-names, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks, e-names and commercial symbols in conjunction with the operation of FYZICAL® Centers (collectively, the “**Marks**”). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate an FYZICAL® Center offering the products and services we authorize and approve and utilizing the Marks and the System. Your (or your affiliates) rights to own and operate an FYZICAL® Center as a franchisee will be governed by a separate Franchise Agreement.

B. **Territory.** You want to act as our area representative (“**Area Representative**”) to solicit and screen prospective franchisees for the right to own and operate FYZICAL® Centers and to assist us in rendering certain opening services to them, within the Territory (as defined below). Based on the information provided by you to us, you meet our requirements to qualify as an Area Representative. You acknowledge and agree that this Agreement does not grant you the right to own or operate a FYZICAL® Center.

OPERATIVE TERMS:

ACCORDINGLY, the parties agree as follows:

1. **Definitions.**

(a) “**Territory**” means the geographic area set forth in Exhibit “B”.

(b) “**Franchise Agreement**” means the form of franchise agreement we use from time to time (including all related exhibits, riders, addenda, amendments and guarantees), in granting the franchise to operate a FYZICAL® Center.

(c) “**Franchisee**” means a person that has entered into a Franchise Agreement with us for the operation of a FYZICAL® Center.

(d) “**Development Schedule**” means the minimum number of franchised FYZICAL® Centers to be open and in operation on the last day of any Development Quarter in the Territory, as set forth in Exhibit “A”.

(e) “**Competitive Business**” means any business or facility owning, operating or managing, or granting franchises or licenses to others for, any business or establishment that performs physical therapy, balance and vestibular therapy and medical based wellness, other than a FYZICAL® Center. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker or the like for any business franchising or licensing Competitive Businesses other than us. Nevertheless, the foregoing does not prohibit you from acquiring less than 5% ownership interest in any Competitive Business that is a publicly traded entity.

(f) “**Existing Franchises**” means any and all FYZICAL® Centers in your Territory that either are open or that will open pursuant to an existing Franchise Agreement that is in place as of the Effective Date. For the avoidance of confusion, all Existing Franchises are itemized in Exhibit “C” which is attached hereto and incorporated herein.

2. **Term.** The Effective Date of this Agreement is shown on the cover, regardless of the actual date of signatures of the parties. This Agreement commences on its Effective Date and will continue until its 10th anniversary, unless terminated sooner, in accordance with this Agreement (the “**Term**”). During the Term: (i) we grant you the right, and you accept the obligation, to actively and continually solicit prospective franchisees and assist us in rendering the services described in this Agreement to our Franchisees whose FYZICAL® Centers are physically located within the Territory; and (ii) you agree to devote your full time and attention, and to utilize your best efforts to enhance the sales and operations of FYZICAL® Centers within the Territory, to solicit prospective franchisees, and to fulfill this Agreement including attaining the Development Schedule, other than the time you devote to the operation of FYZICAL® Centers owned by you or your affiliates. If we require you to own and operate a FYZICAL® Center as a condition to entering into this Agreement with you (the “**Pilot Center**”), you and we will enter into a separate Franchise Agreement to govern the operation of the Pilot Center.

3. **Appointment.**

(a) **Appointment and Initial Area Representative Fee:** We appoint you as our Area Representative for the Term and you agree to the appointment. In exchange, (i) you will pay us an initial area representative fee in the amount described on Exhibit “A” by electronic transfer of immediately available funds on or before the Effective Date, and (ii) if you are not an individual, all of your direct and indirect owners shall execute the Guaranty and Assumption of your Obligations attached hereto as Exhibit “D” and incorporated in this Agreement by this reference.

The initial area representative fee is fully earned when paid and nonrefundable. For so long as you are in full compliance with the terms and conditions of this Agreement, including your obligation to comply with the Development Schedule, and all other agreements with us and our affiliates and subject to our rights under Section 3(b), we and our affiliates will not offer or grant an area representative business within the Territory to any third-party.

(b) Reservation of Rights: Except as provided in Section 3(a) above, you acknowledge that the rights granted by this Agreement are nonexclusive, and we (and our affiliates and designees) retain the right (without any compensation or obligation whatsoever to you except as otherwise specifically provided in this Agreement):

- (i) to use, and to license others to use, the Marks and the System to enter Area Representative Agreements for any location outside of the Territory;
- (ii) to own and operate FYZICAL® Centers at any location, including the Territory, subject to your right to receive Compensation as described in Section 7 hereto;
- (iii) to use the Marks to solicit prospective Franchisees and to grant such Franchisees the right to operate FYZICAL® Centers, at such locations within and outside of the Territory, on such terms and conditions as we deem appropriate (subject to your right to receive Compensation in the amount described in Section 7(a) and Section 7(b) hereto);
- (iv) the right to establish, operate, promote, sell or support, and allow others to establish, operate, promote, sell or support, businesses providing products or services the same as or similar to those provided at the FYZICAL® Centers anywhere, including within the Territory, under any trade names, trademarks, service marks and commercial symbols different from the Marks;
- (v) to use the Marks or the System in connection with some or all of the same products and services offered by the FYZICAL® Centers, other services and products, promotional and marketing efforts or related items, or in alternative channels of distribution at any location, or through the internet, including within the Territory; and
- (vi) to engage in all other activities not expressly prohibited by this Agreement.

(c) Referrals of Prospects: We will refer to you all material information that we obtain from prospective franchisees who want to operate FYZICAL® Centers within the Territory regardless of the source. You must at your expense: (i) complete the solicitation and background investigation of such prospective franchisees; (ii) send to us all information that you obtain from prospective franchisees who want to operate outside of the Territory; and (iii) complete all character profiles and other procedures we direct from time to time. If we, in our discretion, engage the services of franchise brokers, lead referral networks and other organizations and facilities for the identification, evaluation and referral of leads for potential franchisees and refer leads from within your Territory to you, you will pay the compensation of such lead sources in accordance with the terms that we have otherwise agreed to with them. We may set-off from any amounts we owe you, the amounts owed to them for their referral services relating to prospects within your Territory.

(d) Strict Conformance: You must perform your obligations under this Agreement strictly in accordance with the terms and provisions of this Agreement, and our policies as they

may be developed, modified and supplemented from time to time, and only within the Territory, unless we notify you that you may operate in a contiguous geographic area to your Territory.

(e) **Franchise Agreements:** You acknowledge that: (i) you are familiar with our current forms of Franchise Agreement; and (ii) we may modify or amend our forms of Franchise Agreement and all terms of granting franchises at any time. Terms not otherwise defined in this Agreement have meanings as defined in the Franchise Agreement.

4. **Performance Standards.** During the Term, you must at all times faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the sale of FYZICAL® franchises within the Territory and the goodwill of the Marks.

(a) **Development Schedule:** You agree that your rights under this Agreement are contingent on you soliciting and maintaining the number of FYZICAL® Centers required by the Development Schedule. Neither the Existing Franchises that are listed on Exhibit C nor their renewal or acquisition by you will count towards your development obligations under the Development Schedule. However, the Pilot Center and any new FYZICAL® Center that you may open in the Territory during the Term will count towards your Development Schedule. You must replace any Franchise that terminates or expires or any FYZICAL® Center that closes, within the Territory in order to maintain the number of FYZICAL® Centers required in the Development Schedule. You further acknowledge and agree that satisfaction of the Development Schedule does not automatically mean you have complied with your obligations hereunder. You shall not subcontract or delegate any of your obligations under this Agreement to third parties without our prior written consent.

(b) **Effect of Failure:** If you do not meet or exceed the Development Schedule for any two consecutive Development Quarters, we may terminate this Agreement in accordance with its terms. Termination/Effect: If this Agreement terminates, you will no longer provide any services whatsoever to, transact business with or engage in any transactions with, any Franchise or FYZICAL® Center operating in the Territory, including any FYZICAL® Center developed or in development or any of our other franchisees or area representatives. Any carryover of your activities as our Area Representative will not limit or restrict our rights under this Agreement in any way.

(c) **Training:** You (or owners) must attend and successfully complete our initial training program not later than 30 days from the Effective Date of this Agreement, unless we otherwise agree in writing. Attendance by your employees is optional; however, you are solely responsible for training all of your employees and ensuring they are fully trained to perform their duties. From time to time, we may offer refresher or additional training courses. Attendance at these training programs is mandatory, unless we otherwise agree in writing. We may (i) hold periodic national or regional conferences, including an annual conference (up to 2 days in duration), to discuss various business issues and operational and general business concerns affecting FYZICAL® Centers, and (ii) require you to attend various trade shows and webinars at the times and locations designated by us. Attendance at these conferences, trade shows, and webinars may be optional or mandatory, as we determine in our sole discretion, but we will not require attendance at more than 1 mandatory conference during any 12-month period. We may, in our discretion, conduct the training programs or the conference either virtually or in-person at a location of our choice. We do not charge a fee for providing the initial training to you or your attendees but we reserve the right to charge a reasonable fee not to exceed \$1,500 for each person who attends any refresher or additional training program. If you request additional or special training for your employees, all of the expenses that

we incur in connection with such training, including then-current per diem charges and travel and living expenses incurred by our training personnel, will be your responsibility. The foregoing fees are due immediately before the training begins. You agree to pay all travel and living expenses (including wages, transportation, food, lodging, and workers' compensation insurance) that you and your attendees incur while attending any training program or conference.

(d) **Area Representative Standards:** We will periodically inform you of our mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for exercising the area representative rights (the “**Area Representative Standards**”). We reserve the right to modify the Area Representative Standards by providing you written notice. You agree to comply with all your obligations under this Agreement in accordance with the Area Representative Standards.

5. **Disclosure and Registration.**

(a) **Franchise Documentation:** We offer FYZICAL® franchises through a set of documents, including, franchise agreement, franchise disclosure documents and related or ancillary documents necessary to offer or sell franchises, or register the franchise in compliance with state and federal franchise or business opportunity laws (the “**Documentation**”). You will review the Documentation in detail so that you are fully familiar with them. You recognize that we may modify or amend the Documentation at any time without notice or obligation to you; however, we will promptly send you copies.

(b) **Registration:** If your activities as our Area Representative require preparation, amendment, registration or filing of any Documentation or other documents under applicable franchise, business opportunity or related laws, then you must not solicit prospective franchisees until we have: (i) registered the Franchise in the applicable jurisdictions; (ii) provided you with the Documentation necessary for you to solicit prospective franchisees; and (iii) notified you that the registration is in effect. You must stop soliciting prospective franchisees immediately at any time that we notify you that the registration of the Franchise is not then in effect or the Documentation is not in compliance with applicable law. We will prepare the Documentation and file any materials to be registered with any state regulatory agency. We will bear the costs of the preparation of the Documentation as well as registration and filing.

(c) **Delays:** You understand that it is common for temporary lapses in the ability to offer and sell franchises due to the need for periodic modifications, updates and regulatory approvals.

(d) **Information Requirements:** In connection with fulfilling legal and other franchise requirements, you must:

- (i) Provide to us all information reasonably required by us to prepare all Documentation, including requisite franchise disclosure documents and ancillary documents for the offering FYZICAL® franchises in the Territory.
- (ii) Sign and return to us all Documentation reasonably required by us, or our designee, for the purpose of registering the offer to sell FYZICAL® franchises throughout the Territory.

- (iii) Review all Documentation materials we prepare on your behalf. We are not liable for any errors or omissions which may occur in the preparation of those materials, as long as you have approved them.
- (iv) Before you solicit any prospective franchisee, you will take reasonable steps to confirm that the information contained in our Documentation is accurate and not misleading. If you notify us of any errors in the Documentation, we have a reasonable period of time to attempt to correct any deficiencies, misrepresentations, inaccuracies or omissions.
- (v) You must notify us in writing within 5 days after the commencement of any action, suit, arbitration, proceeding, or investigation, or the issuance of any order, writ, injunction, award, or decree, by any court, agency or other governmental instrumentality, or arbitration agency, which names you or any of your owners, or otherwise concerns your operation or your financial condition or of any Franchisee.
- (vi) At any time and upon our request, you agree to provide copies of the documents and contracts governing your ownership and management (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

(e) **Broker Registration:** You (and, if necessary, your owners and officers, if any) will register and/or obtain licensure as a franchise broker, real estate broker, business broker or otherwise in any jurisdiction in which you are required to do so, and maintain such registrations or licenses throughout the Term, at your cost and expense. You must not solicit prospective franchisees until: (i) such registration or license, if necessary, is effective; and (ii) you have provided to us documentary proof of its effectiveness. You must not engage or utilize any franchise brokers for any reason without our prior written approval; but we reserve the right to do so in our sole discretion.

(f) **Disclosure Documents:** You must comply with all applicable federal and state laws, rules and regulations governing the offering of FYZICAL® franchises in your Territory. In this connection, you must:

- (i) Furnish to prospective franchisees only Documentation we designate, including the then-current form of franchise disclosure document we have authorized for use within your Territory, along with such promotional material that we have previously approved.
- (ii) Comply with all requirements for timing of delivery of the Documentation and obtaining and delivering to us the original signed acknowledgment of receipt for each franchise disclosure document you deliver to any prospective franchisee.
- (iii) Make no representations or other statements that conflict with any of the information contained in the franchise disclosure document delivered to the prospective franchisee and within our then-current Franchise Agreement.

- (iv) Make no financial performance representations, earnings claims, or projections, or provide any information with regard to sales, revenues or income relating to any Franchisee or any individual FYZICAL® Center unless in accordance with the provisions of the franchise disclosure document to be provided to prospective franchisees.
- (v) Promptly notify us of any material information or event which comes to your attention that may require disclosure in the franchise disclosure document.
- (vi) Use, display, publish and distribute for purposes of soliciting prospective franchisees, only advertising, marketing and promotional materials that we have previously approved as acceptable for use in your Territory.

(g) **Franchise Disclosure:** We will make reasonable efforts to provide you with copies of correspondence, reports and data issued by each Franchisee to us (the “**Reports**”) if: (i) we determine them to be useful to perform your services; and (ii) the Reports are the type of information which Franchisees provide to us under their Franchise Agreements. We will also report to you sufficient data with each compensation payment to enable you to verify the amounts payable.

(h) **Franchise Agreements:** When providing information to prospective franchisees and in assisting in the closing of any sale of a franchise, you must only provide our then-current form of Franchise Agreement and any ancillary Documentation that we have approved for use within your Territory. You have no authority to negotiate any terms or conditions of the Franchise Agreement on our behalf or make or agree to make any changes, additions, or deletions to the provisions of the Franchise Agreement. You must not make any financial projections or financial performance representations to prospective franchisees or review or comment on any prepared or submitted by prospective franchisees. The only financial disclosures, if any, made to prospective franchisees are contained in the Documentation. You have no authority to, and agree not to, assist, advise, or solicit any Franchisee's efforts to operate its FYZICAL® Center in any method inconsistent with the System. You are not authorized to execute the Franchise Agreements on our behalf. Franchise Agreements and any ancillary agreements are not binding on us until we sign the Franchise Agreement and we can refuse to do so at any time. You must send us copies of all correspondence with Franchisees that is material to the franchise relationship concurrently with its being sent or received by you.

6. **Franchise Solicitation.**

(a) **Lead Generation:** We also require you to invest in lead generation marketing in an amount no less than \$1,000 per month and be able to demonstrate compliance upon our request. We reserve the right to increase this amount provided we give you 30 days’ prior written notice. We may periodically require you to send us, in the manner we prescribe, an accounting of your local advertising expenditure during the preceding month and year to date. If you are not in compliance with your development obligation under this Agreement, we reserve the right to require you to hire at least one full-time sales associate who will solicit prospective franchisees and attain the development schedule.

(b) **Recruiting and Screening:** You are responsible for advertising for, recruiting, soliciting and screening prospective franchisees for FYZICAL® Centers within the Territory according to the standards, policies and procedures we develop and announce from time to time.

You must only use the application forms and other documents we specify (the “Application”) for each prospect that wants to purchase a FYZICAL® Center (an “Applicant”).

(c) **Data Security:** You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify any Applicant or other individuals, including their names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“**Personal Information**”) in accordance with applicable law and industry best practices. It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed.

(d) **Application Process:** You must maintain written records of all contacts with all prospective franchisees for FYZICAL® Centers regardless of whether such contact rises to the level of such prospect becoming an Applicant. You may be required to use our designated CRM software or record keeping system and incur any costs associated with such system. We shall also have direct independent access to the data stored on the CRM and the right to use it. You must provide written progress reports as we request from time to time. You must assist Applicants in completing the Application. We may inspect your records in this regard at any time, with or without notice. You must perform the due diligence, preliminary investigation and evaluation as we specify from time to time. You must promptly submit all Applications that you receive to us along with all information we require regarding the Applicant and maintain a copy with your records.

(e) **Method of Approval:** We will approve or disapprove Applicants by delivering a written notice to you (which may be electronically delivered). We will use our best efforts to deliver such notices to you within 30 days after the later of (i) our receipt of the completed Application and other materials that we request from the Applicant, or (ii) the personal interview of Applicant by us or our designated affiliate, either in person or virtually in our discretion. We shall determine whether the Applicant possesses sufficient financial and managerial capability and meets the other criteria then utilized by us in the grant of FYZICAL® franchises. We may refuse to grant a franchise for FYZICAL® Center to an Applicant in our sole discretion for any reason whatsoever. The grant of a franchise for FYZICAL® Center shall be effected only upon and after the full execution of a Franchise Agreement by us and the Applicant. You are not authorized to execute a Franchise Agreement on our behalf.

7. Compensation. During the Term, we will you the following (collectively, “**Compensation**”):

(a) **Initial Franchise Fees:** We will pay you a one-time commission in the amount equal to 65% of the initial franchise fee paid to us for all new franchised FYZICAL® Centers that shall be located in the Territory during the Term, excluding the Existing Franchises. Notwithstanding the foregoing, for all FYZICAL® Centers that we or our affiliates open in the Territory during the Term, we will pay you an amount equal to 65% of our then-current initial franchise fee.

To the extent we refund any or all of the initial franchise fee paid to us for new franchised FYZICAL® Centers located in the Territory, you must reimburse us the compensation we paid to

you pertaining to it. Notwithstanding anything to the contrary, to the extent that we pay compensation to any brokers, lead referral sources or other programs to generate qualified prospects that we either compensate on a per-lead basis or per-lead qualified prospect or franchise-sale basis, we will reduce your compensation by 65% of the amount of compensation we pay to such source.

(b) **Royalties:** We will pay you an amount equal to 35% of the monthly Royalties we receive from all franchised FYZICAL® Centers located in the Territory, including FYZICAL® Centers owned by you but excluding the Existing Franchises. Notwithstanding the foregoing, for all FYZICAL® Centers that we or our affiliates open in the Territory during the Term, we will pay you an amount equal to 2.1% of the Gross Revenue generated by such FYZICAL® Centers in the preceding month.

As used in this Agreement, “**Gross Revenue**” means all revenue derived from operating a FYZICAL® Center, including, but not limited to, all amounts received from any activities or services whatsoever, whether at or away from the FYZICAL® Center, including any products or services that are in any way associated with the Marks, and whether from cash, check, barter, debit or credit (regardless of collection in the case of credit), less: (i) promotional discounts or coupons required by us; (ii) patient refunds, adjustments, credits or allowances made by the FYZICAL® Center in good faith and in accordance with our policies; and (iii) all federal, state, or municipal sales, use or service taxes collected from patients and paid to the appropriate taxing authority. The proceeds of any business interruption insurance or similar insurance payments that are received to replace revenue lost due to the interruption of a FYZICAL® Center will be considered Gross Revenue.

(c) **Terms of Payment:** During the Term, we will pay Compensation to you within 30 days from our receipt of such amounts from our franchisees and affiliates, as applicable. We will not be deemed to have received any initial franchise fees that are deposited into an escrow account as a condition of franchise registration approval in any state until such amount is received to us by the escrow agent. If we pay any partial or total refund of any initial franchise fee, whether voluntarily or involuntarily, *including pursuant to a settlement, court award, or arbitration award*, of any initial franchise fee for a Franchisee that has signed a Franchise Agreement in the Territory for which you have received Compensation, we will be entitled to collect from you, and you agree to pay us on demand, a proportional amount of such refund from the applicable Compensation that we have paid you.

(d) **Setoffs:** We may set-off against any compensation we owe you, any amount that you owe us, including (without limitation) for any refunds we authorize (whether or not required by contract (i.e., a refunded initial franchise fee)), any advances and marketing contributions.

8. **Ancillary Activities.** You must disclose to us any and all income, fees, monies earned, and any other type of remuneration, compensation or consideration you or your affiliates receive by, directly or indirectly, selling, providing, brokering, or assisting in the sale of goods or services to Franchisees (an “**Ancillary Activity**”) (including real estate commissions), but excluding anything we pay to you. You will not engage in any Ancillary Activities, or receive any consideration for doing so, unless and until you have notified us and we have approved such activity. You will not engage in any such Ancillary Activity that we have not approved in writing. You must also disclose to us on a quarterly basis the information we request concerning the earnings you or your affiliates receive from Ancillary Activities. You consent to our disclosure of such information as required by law.

9. **Service Obligations.**

(c) **Your Obligations:** You must perform the following services, in the manner and to the extent we designate from time to time, on our behalf with respect to Franchisees of FYZICAL® Centers located or to be located in the Territory at your expense:

- (i) Invest in lead generation marketing in an amount no less than \$1,000 per month and be able to demonstrate compliance upon our request;
- (ii) Consult and advise Franchisees with site selection and lease negotiation of their FYZICAL® Centers. We will retain ultimate authority to approve or disapprove all real estate related decisions requiring our approval under the Franchise Agreement;
- (iii) Provide local market support and initial and on-going supervisory assistance and guidance to all FYZICAL® Centers in your Territory in the manner we prescribe at such times that we designate from time to time;
- (iv) Participate in, and attend all meetings of Franchisees, and any Franchise owner associations (if any) and Franchisee advisory board (if any) including conference calls (upon request) (or similar organizations we approve) in the Territory; and
- (v) Attend and participate in such company meetings, industry trade shows, conventions and similar meetings as we designate.

(d) **Our Obligations:** In addition to our obligation to provide training as described in Section 4(c), we may provide you general advice and supplemental resources from time to time in support of your efforts to recruit prospective franchisees in the Territory, including:

- (i) telephone consultation regarding Franchise sales, Franchisee support, and Business operations;
- (ii) information regarding possible vendor relationships and sources of products and services for FYZICAL® Centers;
- (iii) marketing, advertising and promotional materials, the cost of which may be passed on to you;
- (iv) our current franchise disclosure document for use in connection with the sale of FYZICAL® franchises; and
- (v) other assistance as we may deem reasonably required.

10. Marks.

(c) **Ownership and Goodwill:** Your right to use the Marks is derived solely from this Agreement. You may only use the Marks in accordance with this Agreement. Any unauthorized use of the Marks by you constitutes an infringement of our rights in and to the Marks. Your usage of the Marks, and any goodwill established by your use of the Marks, inures to our exclusive benefit. You must not, at any time, contest, or assist anyone else in contesting, the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the

Marks applies to any additional trademarks, service marks, logo forms, trade dress and commercial symbols that we authorize for use by, and license to, you in connection with this Agreement.

(d) **Limitations on Use:** You must not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. You must not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us in writing. You are not permitted to sublicense rights to use the Marks or otherwise authorize any person not previously approved by us in writing to use the Marks in any manner. You must display the Marks prominently and in the manner prescribed by us on signs and forms. You must give such notices of trademark and service mark registrations and copyrights as we specify and you must obtain such fictitious or assumed name registrations as may be required under applicable law. You will not employ the Marks in any way that we have determined may result in liability to us for any debts or obligations of yours.

(e) **Infringements and Claims:** You are responsible for researching and identifying unauthorized and infringing uses of the Marks in the Territory. You must notify us immediately in writing if you become aware of any apparent infringement of, or challenge to, your use of any Mark, or claim by any person of any rights in any of the Marks. You must not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We have sole right, but no obligation, to take any action we deem appropriate and the right to exclusively control any litigation, administrative or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You will sign all documents, render such assistance and do such acts as we consider advisable to protect and maintain our interest in any such proceeding or to otherwise protect and maintain our interest in the Marks.

(f) **Discontinuance of Use:** If it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply within a reasonable time after receiving notice. We will not be obligated to reimburse you for any costs, expenses, losses or damages whatsoever that you spend or suffer as a result.

(g) **Indemnification by Us:** Provided you comply with the provisions of this Section 10, we will indemnify, defend and hold harmless you and your owners, directors, officers, employees, agents, successors, and assigns (collectively, the “**Trademark Indemnified Parties**”) against, and reimburse all of the Trademark Indemnified Parties for, any claims asserted against them by third-parties in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of the proceeding and comply with our reasonable directions in responding to the proceeding. Notwithstanding the foregoing, we will not indemnify, defend or hold harmless the Trademark Indemnified Parties for any unauthorized use of the Marks. We may control the defense of any proceeding arising from your use of any Mark under this Agreement. This indemnification will continue in full force and effect notwithstanding the termination of this Agreement.

11. **Confidential Information.**

(c) **Nature of Information:** We possess certain proprietary and confidential information, which includes: trade secrets; methods; techniques; formats; management methods; specifications; procedures; information; systems; the Area Representative Standards; computer software; methods of business management; the System; and the know-how related to its use; any computer software programs we or our associates provide or recommend for use by FYZICAL®

Centers or Area Representatives and the hardware specifications for running such software; terms and conditions of our agreements with preferred suppliers; training materials, programs and conference materials designed for Franchisees or Area Representatives or personnel of FYZICAL® Centers or Area Representatives; information contained in and contents of the Manual provided to Franchisees; knowledge and operating results in financial performance of any Franchisee or FYZICAL® Center; sales and promotion techniques and knowledge of and experience in the operation and franchising of FYZICAL® Centers; and information obtained or acquired through or as the result of use of any web site, Internet, Intranet or other forms of e-commerce (including customer information, number of “hits” to web sites and the like) (collectively, the “**Confidential Information**”). We will disclose, to the extent we deem practicable, the Confidential Information to you in training sessions and in guidance that we furnish to you during the Term. You acknowledge that any unauthorized disclosure by you of the Confidential Information will cause irreparable harm to us.

(d) **Nondisclosure:** You agree that the Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree as follows:

- (i) That you will not use the Confidential Information in any other business or capacity.
- (ii) You will maintain the absolute confidentiality of the Confidential Information during and after the Term.
- (iii) You will not make unauthorized copies of any portion of the Confidential Information regardless of whether it is disclosed in electronic medium, written or other tangible or intangible form.
- (iv) You will adopt and implement all reasonable procedures prescribed by us from time to time to prevent unauthorized use or disclosure of the Confidential Information including restrictions on disclosure to your employees or agents and use of non-disclosure and non-competition agreements in form and substance approved by us which we may provide for your employees or agents who have or whom we or you deem likely to have access to the Confidential Information.

We reserve the right to require that any employee, agent or independent contractor that you hire execute a non-disclosure and non-competition agreement to protect the Confidential Information. We reserve the right to regulate the form of non-disclosure and non-competition agreement that you use and to be a third party beneficiary of those agreements with independent enforcement rights. You acknowledge that any form of non-disclosure and non-competition agreement that we require you to use, provide to you, or regulate the terms of, may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-compete agreement that your employees, agents and independent contractors sign.

(e) **Use of Ideas:** We have the perpetual right to use, and authorize other Franchisees or Area Representatives to use, all ideas, concepts, methods and techniques relating to operation of any FYZICAL® Center that are conceived or developed by any Franchisees within the Territory during the Term.

(f) **Exclusive Relationship:** We have entered into this Agreement with you on the condition that your other activities and/or those of your affiliates, if any, will not in any way interfere with your obligations and duties under this Agreement. Accordingly, you will not advise, assist, counsel, represent or perform any services in any way whatsoever, directly or indirectly, associated with or in connection with any other person or entity which directly or indirectly is in the business of owning, operating, counseling or offering franchises for a Competitive Business. You understand that we would be unable to protect our Confidential Information and would be unable to encourage a free exchange of ideas and information among Franchisees, Area Representatives, our associates and us, if Area Representatives were permitted to hold interests in any Competitive Business. Accordingly, during the Term, neither you nor your direct or indirect owners or the immediate family members of each of the foregoing persons will, directly or indirectly:

- (i) Engage in a Competitive Business or perform services for a Competitive Business as a: director; disclosed or beneficial owner; proprietor; officer; manager; employee; consultant; area representative; agent; independent contractor; or otherwise, except under this Agreement or a Franchise Agreement with us or our associates.
- (ii) Have any interest, as a disclosed or beneficial owner, in a Competitive Business or any entity which is awarded or is awarding franchises or licenses to others to operate any Competitive Business, except FYZICAL® Centers under Franchise Agreements with us or as an Area Representative under an Area Representative Agreement with us.
- (iii) On behalf of yourself or any other person, or as an employee, proprietor, disclosed or beneficial owner, consultant, agent, contractor, employer, affiliate, partner officer, director or associate or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, trade or patronage of ours, our associates or any FYZICAL® Center as such may exist prior to, after or throughout the Term of this Agreement, except with our prior written consent.

12. **Image and Operating Standards.**

(c) **Standards of Service:** During the Term, you must: (i) at all times give prompt, courteous and efficient service to Franchisees; (ii) adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with the Franchisees, prospective franchisees, us, and the public; (iii) not favor one or more Franchisees over other Franchisees within the Territory; and (iv) not enter into any relationships with Franchisees in the Territory or others that may result in a conflict of interest between your obligations as our Area Representative and your duties to provide services to a Franchisee.

(d) **Computer System:** You will, at your expense, purchase or otherwise obtain for use in connection with your area representative business, such computer system that meets our Area Representative Standards that we may prescribe from time-to-time (the “Computer System”), including (i) computer hardware, software, and telecommunications equipment, (ii) a minimum of one dedicated telephone line with 24-hour professional answering service or voicemail; (iii) business cards and stationery; and (iv) any other items required by us from time-to-time. We

may, at any time, inspect your Computer System and access the data stored on it. We shall also have direct independent access to some of the data stored on your Computer System.

(e) **Advertising:** All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. If required by the laws of your jurisdiction, all advertising and promotion relating to the solicitation of prospective franchisees must be approved by the appropriate regulatory authorities. You must send us for approval samples of all partnership, advertising, promotional, and marketing materials, which we have not prepared or previously approved at least 14 days before you intend to use them. If we do not approve the materials within 7 days of our receipt of these materials, then they will be deemed disapproved. You must not use any advertising or promotional material until approved by us and the appropriate regulatory authority, if required. You will refrain from any business or advertising practice which may injure our business and/or the goodwill associated with the Marks and the FYZICAL® Centers. We may decide to provide you a supply of stock digital templates that we develop for advertising, marketing and promotional materials. We may also decide to provide you modified or additional templates that you have requested. If we provide you any additional or modified templates that you have requested, we may charge you the direct costs we incur in creating those templates, including any fees paid to third party service providers. You will bear all costs associated with producing, shipping, handling and storing marketing and advertising materials created using templates we have provided. We have no obligation to conduct any advertising the FYZICAL® Centers or make any franchise sales efforts in your Territory but we may, in our discretion, choose to do so.

(f) **Websites.** We have the right to control or designate the manner of your use of all URLs, domain names, website addresses, metatags, links, key words, social networks, e-mail addresses and any other means of electronic identification or origin (“**e-names**”). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chatrooms, linking, framing, on-line purchasing cooperatives, marketplaces, social networks, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, “**e-commerce**”). You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce that we designate or operate. We may require that you provide information to us via e-commerce. You agree to be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that we establish from time to time. We may require you to, at your expense, coordinate your e-commerce activities with us, other FYZICAL® Centers, suppliers and affiliates. We may require you to participate in any Internet or Intranet networks we establish (the “**MIS System**”) and obtain at your expense ISP and ASP services and the like that we require. You recognize and agree that we own all rights, title and interest in and to any and all websites and any e-names we commission or utilize, or require or permit you to utilize, in connection with the System which bear our Marks or any derivative of our Marks. You also recognize and agree that we own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes our Confidential Information. We also may maintain one or more social media sites (e.g., www.twitter.com, www.facebook.com,

www.instagram.com, www.pinterest.com or such other social media sites). You shall not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may designate from time to time regional or territory-specific user names/handles that you must maintain. You will adhere to any social media policies that we establish from time to time and will require all of your employees to do so as well. You must ensure that none of your owners, managers or employees use our Marks on the Internet or World Wide Web, except in strict compliance with these social media policies. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with the Area Representative Standards, including our then-current take-down policy.

(g) **Judicial Actions:** You must notify us within 5 business days of your receipt of notice of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award or decree, by any court, agency or other governmental instrumentality which may adversely affect your operations or financial condition or any Franchisee or FYZICAL® Center in the Territory. You agree not to sue any of our Franchisees or approved vendor suppliers without our prior written permission.

(h) **Insurance:** You shall at all times during the term of this Agreement maintain in force, at your sole expense, insurance coverage of the types, in the amounts, and with such terms and conditions that are required by the applicable laws and as we may from time to time prescribe in writing, which may include, but not be limited to, errors and omissions (E&O) insurance. All of the required insurance policies shall name us and affiliates designated by us as additional insureds, contain a waiver of the insurance company's right of subrogation against us and the designated affiliates, and provide that we and our designated affiliates will receive 30 days' prior written notice of termination, expiration, cancellation, or modification of any such policy. We reserve the right to require you to obtain any or all insurance required by this provision from an insurance carrier(s) that we designate. These insurance policies must be purchased from licensed insurers having a rating of "A" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate) with a minimum Financial Size Category of VIII. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including termination, we may (but need not) obtain such insurance for you and your business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

13. **Transfer.**

(c) **By Us:** We may transfer this Agreement at any time and it will inure to the benefit of our transferee or other legal successor, but only if such transferee expressly assumes in writing, all obligations we have to you under this Agreement.

(d) **By You:** Your rights and duties under this Agreement are personal to you. We have entered into this Agreement in reliance upon our perceptions of your, your owners' individual or collective character, skill, aptitude, attitude, relevant business experience, business ability and financial resources. Accordingly, you shall not transfer this Agreement (or any interest in it) or any ownership interest in you (if you are not an individual), without our prior written consent,

which we will not unreasonably withhold. However, we may require that the following conditions must be met before or concurrently with the effective date of the transfer:

- (i) the transferee has sufficient business experience, aptitude, integrity, and financial resources to be our Area Representatives and meets our other qualifying criteria;
- (ii) you have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;
- (iii) neither the transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;
- (iv) the transferee (or its owners) must agree to satisfactorily complete our then-current initial training;
- (v) the transferee shall sign our then-current form of area representative agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;
- (vi) all individuals and entities who will be direct or indirect owners of transferee must execute or have executed a guaranty in the form we prescribe;
- (vii) you pay us, or cause the transferee to pay us, the transfer fee equal to \$20,000; and
- (viii) you (and your owners) sign a general release, in a form satisfactory to us, to release any and all claims against us and our owners, officers, directors, employees, and agents.

Any unauthorized transfer constitutes a breach of this Agreement and will be void and of no effect. The term “**transfer**” means and includes the voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, encumbrance or other disposition by you of any interest in this Agreement, and also includes:

- (i) The transfer of ownership of 25% or more of the capital stock or partnership interests or any other form of ownership in you.
- (ix) Merger or consolidation, or issuance of additional securities representing a 25% or more ownership or voting interest in you.
- (x) Transfer of interest in a divorce proceeding or otherwise by operation of law.
- (xi) Transfer of substantially all of your clinic assets.

- (xii) Transfer of an interest in you by will, declaration of or transfer in trust or under the laws of intestate succession of any person owning more than a 25% interest in you.

(e) **Effect of Consent to Transfer:** Our consent to a proposed transfer will not constitute a waiver of: (a) any claims we may have against you, or your owners for anything happening up to and through the date of transfer (excluding indemnification claims which survive); or (b) our right to demand exact compliance with any of the terms or conditions of this Agreement by any transferee.

(f) **Our Right of First Refusal:** If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and your Area Representative Business or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership) and within 5 days of receipt submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and your Area Representative Business and shall not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and your Area Representative Business must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within 30 days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

- (i) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- (ii) our credit will be deemed equal to the credit of any proposed purchaser;
- (iii) we will have not less than 30 days after giving notice of our election to purchase to prepare for closing; and
- (iv) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable.

You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

14. **Termination.**

We have the right to terminate this Agreement effective 60 days after the delivery of a written notice to you if you have materially breached this Agreement, or if the breach cannot reasonably be cured within such 60-day period.

Without limiting any of our rights to terminate this Agreement upon your breach of it, we may, at any time, terminate this Agreement effective immediately upon written notice to you if:

- (i) you make any material misrepresentation or omission either in acquiring the rights under this Agreement or during the course of performance of your obligations under this Agreement;
- (ii) you abandon, surrender, transfer control of or fail to actively perform your obligations under this Agreement for a period of 14 consecutive days or any shorter period that indicates an intent by you to discontinue the performance of your obligations under this Agreement;
- (iii) you fail to comply with your development obligations for any two consecutive Development Quarters in accordance with the Development Schedule;
- (iv) you (or your owners) make or attempt to make any transfer in violation of this Agreement;
- (v) you (or any of your owners) are or have been convicted by a trial court of, or pleaded guilty or no contest to, a felony;
- (vi) you (or any of your owners) knowingly make or permit any unauthorized use or disclosure of any Confidential Information;
- (vii) you engage in any dishonest or unethical conduct which may adversely affect our reputation or our Franchisees' reputation or the goodwill associated with the Marks;
- (viii) you fail to pay when due any federal or state income, service, sales, or other taxes due on your income arising from the performance of your obligations under this Agreement, unless you are in good faith contesting your liability for these taxes;
- (ix) you (or any of your owners) (a) fail on 3 or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of

the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on 2 or more separate occasions within any 12 consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

- (x) any Franchise Agreement or any other agreement between you (or your affiliates) and us (or our affiliates) is terminated;
- (xi) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;
- (xii) you violate any applicable law in the Territory that is not cured with the appropriate regulatory authority or otherwise conduct yourself in a manner that makes it impossible or unlawful to solicit or sell franchises as contemplated by this Agreement in accordance with applicable laws, rules or regulations; or
- (xiii) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator; all or a substantial part of your property is attached, seized, subjected to a writ or distress warrant or is levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or an order appointing a receiver, trustee or liquidator of you or substantially all of your assets is issued and is not vacated within 30 days following the entry of such order.

15. **Rights and Obligations on Termination.**

(a) **Ours:** If we terminate this Agreement pursuant to its terms and you comply with all of your post-termination obligations, we will pay you all amounts accrued up to the termination date.

(b) **Disassociation:** On the termination of this Agreement, your right to operate as our Area Representative will terminate and you must immediately in any manner we may designate:

- (i) Not directly or indirectly at any time or in any manner identify yourself or any business as a current or former Area Representative of us or our affiliates.
- (ii) Return to us all advertising materials, forms and other materials containing any Mark or otherwise identifying or relating to the sale or service of the FYZICAL® Centers.
- (iii) Cease the use of any aspect of the System and any of the Marks and any other trade name, trademark, service mark or other commercial symbol

that suggests or indicates a connection or association with us, other than under a Franchise Agreement with us.

- (iv) Take such actions as may be required to cancel any and all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks, associated with your status as an Area Representative.
- (v) Return all access disks and return or destroy the software furnished you by us, if any.
- (vi) Terminate all use of e-names, web sites, web pages or any other aspect of e-commerce relating to us, Franchisees, the System and the Marks, in the manner we designate.

(c) **Confidential Information:** On termination of this Agreement, you must immediately cease to use any Confidential Information (except in connection with the operation of an FYZICAL® Center pursuant to a Franchise Agreement or other agreement with us) and return to us all copies of any other Confidential Information that we have loaned or otherwise provided to you.

(d) **Noncompetition:** On termination of this Agreement for any reason, including for any transfer, you agree that, for a period of 2 years commencing on the effective date of termination or transfer, neither you nor your direct or indirect owners or the immediate family member of each of the foregoing persons will (1) have any direct or indirect interest (through a member of any immediate family of you or your shareholders or partners or otherwise) as a disclosed or beneficial owner, investor, partner, proprietor, contractor, associate, director, officer, employee, consultant, member, manager, owner, area representative or agent or engage in any other capacity in any: (i) Competitive Business located or operating within the Territory; (ii) business offering or selling franchises for a Competitive Business; or (iii) Competitive Business located or operating within a 10-mile radius of any other FYZICAL® Center, regardless of its location; nor (2) engage in any business transactions with our Franchisees. Enforcement of these provisions will not deprive you of your personal goodwill or ability to earn a living because you acknowledge that you possess the skills and abilities of a general nature and have other opportunities for exploiting such skills. The time period of the competitive restriction will be automatically extended by the time period of any breach of this provision.

16. **Relationship of the Parties.**

(a) **Independent Contractors:** Neither this Agreement nor any aspect of your relationship with us creates a fiduciary relationship between you and us. You and we are independent contractors. Nothing in this Agreement is intended to make either you or us a general agent, subsidiary, joint venture, partner, employee or servant of the other for any purpose. Since you are an independent contractor, we will not, unless otherwise required by law, withhold from your compensation any amounts for your income taxes or other withholding taxes and you are solely responsible for payment of all taxes on your income or business of whatever nature.

(b) **Identification:** Although your activities as our Area Representative are an integral part of the FYZICAL® System, it is also crucial for both parties to recognize and consistently demonstrate your status as an independent contractor in your dealings with third parties. Therefore, to meet that objective, you will ensure that all your cards, forms, marketing and other materials

bear language that clearly shows your independent status in a manner we approve. You must not employ any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any other manner without our prior written consent. You must not employ any Mark in a manner that is likely to result in our liability for any of your debts or obligations.

(c) **Liabilities:** Neither you nor we will make any express or implied agreements, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that the relationship between you and us is other than as franchisor and an independently owned and operated by the Area Representative. Neither you nor we will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized under this Agreement. Neither we nor our current or former our affiliates, and our and their respective shareholders, owners, managers, directors, officers, employees, agents, successors, and assignees (collectively, the “**Affiliate Entities**”) will be obligated for any damages to any person or property directly or indirectly arising out of your activities as the Area Representative, whether or not caused by our or your negligent or willful action or failure to act.

(d) **Indemnification by You:** You agree to indemnify, defend, and hold harmless us and the Affiliate Entities harmless (the “**Indemnified Parties**”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising from your exercise of your rights, and your performance of your obligations, under this Agreement, including those alleged to be or found to have been caused by the Indemnified Party’s gross negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. For purposes of this indemnification, “**claims**” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

17. **Notices.** All notices permitted or required to be delivered by this Agreement must be in writing and will be deemed delivered at the time delivered by hand, one business day after sending by telegraph, teletype or comparable electronic system or through a nationally recognized commercial courier service for next day delivery, or 3 business days after being placed in the U.S. mail for delivery via registered or certified mail, return receipt requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. We may also deliver notices to you electronically (e-mail) and they will be deemed delivered one business day after sending. As of the Effective Date of this Agreement, notices should be addressed to the parties at the following addresses unless and until a different address has been designated by written notice to the other party:

To us: FYZICAL, LLC
1751 Mound Street
Sarasota, FL 34236
Attn: Legal Dept.

To you:

18. **Miscellaneous.**

(a) **Severability; Substitution of Valid Provisions:** Except as expressly provided to the contrary, any provision of this Agreement, and any portion of this Agreement, which is invalid, illegal or unenforceable is severable, without affecting in any way the remainder of the Agreement.

(b) **No Waiver:** If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice which is at variance with the terms of this Agreement, we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between us and anyone else will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments that are due to us under this Agreement. Actions permitted under this Agreement may be taken at any time and from time to time in the actor's sole discretion.

(c) **Binding Nature, Assignments:** Except as otherwise stated, this Agreement will be binding upon and will inure to the benefit of the parties and their respective heirs, guardians, personal Area Representatives, successors and assigns. No amendment, modification, termination or waiver of any provision of this Agreement will be effective unless the same is in writing and signed by all the parties.

(d) **Headings:** The headings of the various Sections herein are for convenience of reference only and will not define or limit any of the terms or provisions of this Agreement.

(e) **Construction:** The headings of Sections are for convenience only and do not define, limit or construe the contents of such Sections. In computing periods from a specified date to a later specified date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to**,” “**until**” and “**ending on**” (and the like) mean “**to but excluding**.” Indications of time of day mean time governing our principal headquarters. “**A or B**” means “**A or B or both**.” “**Including**” means “**including, but not limited to**.”

(f) **Further Instruments and Actions:** The parties will execute and deliver such other documents and instruments as may be reasonably necessary and will take such further action as may be necessary or appropriate, to carry out the terms and purposes of this Agreement.

(g) **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it and all ancillary agreements executed contemporaneously with this Agreement, constitutes the entire agreement between you and us with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. Nothing in this Agreement or any related agreement, however, is intended to disclaim any of the representations we made in the Franchise Disclosure Document that we furnished to you.

(h) **Execution and Counterparts:** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which will represent one agreement.

(i) **Understanding of Agreement:** You and we acknowledge and agree that each has read and understood this entire Agreement, and that this Agreement was entered into voluntarily and after having had all opportunities to seek such advice as each may have wished to receive.

(j) **Cumulative Remedies:** The rights and remedies specifically granted by this Agreement to either party will not be deemed to prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

(k) **Costs and Attorneys' Fees:** The party prevailing in any judicial proceeding between you and us (and either party's affiliates), will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, proceeding.

(l) **Certain Definitions:** The term “**affiliate**” is applicable to any company that, directly or indirectly, owns or controls, is owned or controlled by or under common control with another person. The terms “**you**” and “**your**” are applicable to one or more persons, a business entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time the Franchise, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. The term “**person**” includes individuals and all business entities. The term “**owner**” means any direct or indirect owner of any ownership interest in a business entity.

(m) **Continuing Obligations:** All obligations which expressly or by their nature survive the termination of this Agreement continue in full force and effect subsequent to and notwithstanding the termination of this Agreement and until they are satisfied or by their nature expire.

(n) **Governing Law:** EXCEPT AS GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051, ET SEQ.), THIS AGREEMENT AND THE FRANCHISE RELATIONSHIP SHALL BE GOVERNED BY THE LAWS OF THE STATE OF FLORIDA (WITHOUT REFERENCE TO ITS PRINCIPLES OF CONFLICTS OF LAW), BUT ANY LAW OF THE STATE OF FLORIDA THAT REGULATES THE OFFER AND SALE OF FRANCHISES OR BUSINESS OPPORTUNITIES WILL NOT

APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

(o) **Dispute Resolution:** The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the validity, enforcement or interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a “Dispute”) to Judicial Arbitration and Mediation Services (“JAMS”), or its successor, for mediation before a mutually-agreeable mediator, unless the Dispute involves an alleged breach of Section 10(B), Section 11(B), or Section 16(D). Either party may commence mediation by providing JAMS and the other party a written request for mediation, setting forth the subject of the dispute and the relief requested. Any mediation shall take place through in-person meeting(s) in the county in which we (or our successors or assigns, as applicable) maintain our (their) principal place of business at the time the mediation begins (currently, Sarasota County, Florida). The parties will cooperate with JAMS and with one another in selecting a mediator from the JAMS panel of neutrals and in scheduling mediation proceedings. The parties agree that they will participate in mediation in good faith and that they will share equally the costs and expenses of JAMS and the appointed neutral mediator. If the Dispute is not successfully resolved by mediation after the initial mediation session, or if the Dispute involves an alleged breach of Section 10(B), Section 11(B) or Section 16(D), either party may file a lawsuit subject to the limitations of Section 18(p), below. The mediation may continue after the commencement of litigation if both parties agree. If we or you must enforce this Agreement in a judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees.

(p) **Jurisdiction:** YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN SARASOTA COUNTY, FLORIDA. YOU AND WE WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. NOTWITHSTANDING THE FOREGOING, WE MAY BRING AN ACTION FOR A TEMPORARY RESTRAINING ORDER OR FOR TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF, IN ANY FEDERAL OR STATE COURT IN THE STATE IN WHICH YOU RESIDE OR THE AREA REPRESENTATIVE BUSINESS IS LOCATED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

(q) **Limitations of Claims:** UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR VIOLATION OF SECTION 10(B) (LIMITATIONS ON USE), SECTION 11(B) (NONDISCLOSURE), OR SECTION 16(D) (INDEMNIFICATION BY YOU), ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A LEGAL PROCEEDING (IN THE REQUIRED OR PERMITTED FORUM) IS COMMENCED WITHIN ONE YEAR FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM

(r) **Exercise of Business Judgment:** We have the right, in our sole judgment, to operate, develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the

information readily available to us and our judgment of what is in our and/or our franchise network's best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interests.

(s) **Varying Standards:** Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and absolute discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards and license agreement provisions for any area representative or prospective area representative based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such area representative's business. You will not have the right to complain about a variation from standard specifications and practices granted to any other area representative and will not be entitled to require us to grant you a like or similar variation.

19. **Acknowledgments.**

You acknowledge that:

(i) you have independently investigated this opportunity and recognize that, like any other business, the nature of your business under this Agreement may, and probably will, evolve and change over time;

(ii) we do not guarantee the success of your business under this Agreement or your investment to acquire the rights under this Agreement, which involve business risks that could result in the loss of a significant portion or all of your investment;

(iii) among other things, your business abilities and efforts are vital to your success under this Agreement;

(iv) you have not received from us any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits with respect to the rights granted to you under this Agreement;

(v) in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us;

(vi) you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights granted to you under this Agreement;

(vii) you have read this Agreement and our disclosure document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service and to protect and preserve the goodwill of the Marks;

(viii) we have not made any representation, warranty, or other claim regarding this opportunity, other than those made in this Agreement and our franchise disclosure document,

and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement; and

(ix) you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials that we have given or made available to you, to be reviewed by an attorney and have either done so or elected not to do so.

[Signature page follows]

Intending to be bound, the parties to this Agreement now sign and deliver this Agreement in multiple counterparts:

WE:
FYZICAL, LLC

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT "A"
TO AREA REPRESENTATIVE AGREEMENT
BETWEEN
FYZICAL, LLC
AND

DATED: _____

- (a) **Initial Area Representative Fee.** \$ _____

- (b) **Number of FYZICAL® Centers to be Developed.** You must develop a total of ____ FYZICAL® Centers during the Development Term. The Development Term is the approximate 10-year period beginning on the Effective Date and ending on _____.

- (c) **Development Schedule.** You must open and maintain in operation the number of FYZICAL® Centers operating in the Territory as of the last day of each Development Quarter as follows:

DEVELOPMENT SCHEDULE

Development Quarter	Development Quarter	Number of FYZICAL® Centers Opened	Cumulative Number of FYZICAL® Centers Open*
	1		
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	9		
	10		
	11		
	12		
	13		
	14		
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	32		
	33		
	34		
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	36		
	37		
	38		
	39		
	40		

*Neither the Existing Franchises that are listed on Exhibit C nor their renewal or acquisition by you, will count towards your development obligations under the Development Schedule. However, the Pilot Center and any new FYZICAL® Center that you may open in the Territory during the Term will count towards your Development Schedule.

Ex. A

WE:
FYZICAL, LLC

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT "B"

TERRITORY:

WE:
FYZICAL, LLC

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT “C”

LIST OF EXISTING FRANCHISES IN YOUR TERRITORY

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Ex. C

EXHIBIT “D”

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“**GUARANTY**”) is given by the persons indicated below who have executed this Guaranty (each a “**Guarantor**”) to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Area Representative Agreement (the “**Agreement**”) by FYZICAL, LLC (the “**Franchisor**”), and _____ (the “**Area Representative**”), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, that Area Representative shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, as specified therein, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right he or she may have to require that an action be brought against Area Representative or any other person as a condition of liability. Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Area Representative fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Representative or any other person; (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement; (5) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement; and (6) at Franchisor’s request, Guarantor will provide updated financial information to Franchisor as may be reasonably necessary to demonstrate his or her ability to satisfy the obligations of the franchise owners under the Agreement.

Each of the undersigned Guarantor represents and warrants that, if no signature appears below for Guarantor’s spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Guarantor hereby consents and agrees that:

(a) Guarantor’s liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Area Representative and the other owners of Area Representative;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Area Representative fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Area Representative or any assignee or successor of Area Representative or by any abandonment of the Agreement by a trustee of Area Representative. Neither the Guarantor’s obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement

shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) Franchisor may proceed against Guarantor and Area Representative jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Area Representative. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Guarantor agrees to be bound by Section 18(n) and 18(o) of the Agreement with respect to all disputes arising under the Agreement and this Guaranty.

Capitalized terms that are used but not defined in this Guaranty will have the meanings ascribed to them in the Agreement.

Each Guarantor hereby signs and delivers this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

GUARANTOR(S)	SPOUSE(S)
Signed: _____ Name: _____ Address: _____ _____	Signed: _____ Name: _____ Address: _____ _____
Signed: _____ Name: _____ Address: _____ _____	Signed: _____ Name: _____ Address: _____ _____

EXHIBIT C

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENT

FYZICAL, LLC: Financial Statements (Interim and Unaudited)

Income Statement	1/1/2023 to 2/28/2023
Franchise fees, net	1,602,315
Royalty income	1,368,387
Other revenue	78,690
Total revenue	<u>3,049,392</u>
Operating expenses	
Advertising	113,672
Amortization	-
Bad debt expense	50,000
Commissions	417,369
Depreciation	-
Insurance	49,184
Legal fees	42,876
Occupancy	36,650
Office expense	122,568
Professional fees	44,086
Salaries, wages and related benefits	1,344,129
State fees and taxes	2,244
Trade shows and conventions	16,517
Travel expense	41,799
Other expenses	150,508
Total operating expenses	<u>2,431,602</u>
Income from operations	<u>617,790</u>
Interest income	2,268
Net gain	<u><u>620,058</u></u>

Balance Sheet	2/28/2023
<u>Assets</u>	
Current assets	
Cash	1,173,643
Accounts receivable	3,742,795
Deferred costs	-
Prepaid expenses	636,362
Notes receivable, current maturities	907,056
Deferred costs: current	495,712
Total current assets	<u>6,955,569</u>
Noncurrent assets:	
Notes receivable, less current maturities	1,051,680
Due from related party	-
Intangible assets	352
Property and equipment	803,673
Deferred costs less current	3,614,305
Right-of-use asset	623,997
Total noncurrent assets	<u>6,094,007</u>
Total assets	<u><u>13,049,576</u></u>
<u>Liabilities and Members' Equity</u>	
Current liabilities:	
Accounts payable	728,347
Accrued expenses	1,259,783
Deferred revenue and deposits	4,468,520
Deferred rent: current	-
Sublease obligation: current portion	9,900
Short-term lease liability	177,984
Total current liabilities	<u>6,644,534</u>
Noncurrent liabilities:	
Deferred revenue	22,863,928
Sublease obligation, less current	48,891
Long-term lease liability	527,805
Total noncurrent liabilities	<u>23,440,624</u>
Total liabilities	30,085,157

AUDITED FINANCIAL STATEMENTS

Fyzical, LLC
Financial Statements and
Independent Auditor's Report
December 31, 2022, 2021, and 2020

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Independent Auditor's Report

The Members
Fyzical, LLC
Sarasota, FL

Opinion

We have audited the accompanying financial statements of Fyzical, LLC (the Company), which comprise the balance sheets as of December 31, 2022, 2021, and 2020, the related statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 the Company 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Kerkuing Barbano & Co.

Sarasota, Florida
March 30, 2023

Fyzical, LLC
Balance Sheets
December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current Assets:			
Cash	\$ 2,185,157	\$ 2,337,443	\$ 2,233,806
Accounts receivable, net	2,195,505	1,847,656	866,988
Prepaid expenses	388,191	184,958	112,800
Notes receivable, current portion, net	1,004,368	841,111	669,617
Deferred costs, current portion	495,712	303,155	122,837
Total current assets	6,268,933	5,514,323	4,006,048
Non-Current Assets:			
Notes receivable, less current portion	136,052	201,202	324,895
Due from related party	-	1,998,335	-
Other intangible assets, net	352	823	4,237
Property and equipment, net	803,673	702,067	610,786
Deferred costs, less current portion	3,614,305	2,120,580	695,934
Right-of-use lease asset	623,997	-	-
Total non-current assets	5,178,379	5,023,007	1,635,852
Total Assets	\$ 11,447,312	\$ 10,537,330	\$ 5,641,900
Liabilities and Members' Equity			
Current Liabilities:			
Accounts payable	\$ 452,244	\$ 283,896	\$ 54,779
Accrued expenses	1,000,585	1,175,518	541,350
Deferred revenue, current portion	4,468,520	3,506,581	3,057,128
Deferred rent, current portion	-	5,746	41,817
Sublease obligation, current portion	9,900	12,544	13,032
Short-term lease liability	177,984	-	-
Total current liabilities	6,109,233	4,984,285	3,708,106
Non-Current Liabilities:			
Deferred revenue, less current portion	22,863,928	19,459,875	16,207,099
Deferred rent, less current portion	-	66,406	25,071
Sublease obligation, less current portion	48,891	59,967	73,367
Long-term lease liability	527,805	-	-
Total non-current liabilities	23,440,624	19,586,248	16,305,537
Total Liabilities	29,549,857	24,570,533	20,013,643
Members' Equity	(18,102,545)	(14,033,203)	(14,371,743)
Total Liabilities and Members' Equity	\$ 11,447,312	\$ 10,537,330	\$ 5,641,900

See accompanying notes to financial statements.

Fyzical, LLC
 Statements of Operations
 Years Ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue:			
Franchise fees, net	\$ 7,336,371	\$ 3,733,102	\$ 2,927,440
Royalty income	8,658,230	8,151,524	6,589,173
Total revenue	<u>15,994,601</u>	<u>11,884,626</u>	<u>9,516,613</u>
Operating Expenses:			
Advertising	1,050,397	797,283	1,030,712
Bad debt expense (recovery)	190,911	(34,278)	262,771
Commissions	778,374	207,478	136,971
Depreciation	309,195	277,279	223,741
Insurance	248,699	176,929	98,296
Legal fees	61,731	132,770	76,513
Occupancy	463,759	433,271	343,071
Office expense	616,823	513,994	304,458
Other	134,564	177,372	135,525
Professional fees	1,232,303	532,253	383,722
Salaries, wages and related benefits	8,101,012	7,511,701	5,110,355
State fees and taxes	85,017	49,772	46,895
Trade shows and conventions	86,285	411,855	46,118
Travel expense	274,823	146,188	143,783
Total operating expenses	<u>13,633,893</u>	<u>11,333,867</u>	<u>8,342,931</u>
Income from operations	<u>2,360,708</u>	<u>550,759</u>	<u>1,173,682</u>
Other income (expense), net:			
Amortization	(471)	(507)	(468)
Interest income	12,634	17,728	12,639
Loss on asset disposal	-	-	(84,254)
Other income (expense), net	<u>12,163</u>	<u>17,221</u>	<u>(72,083)</u>
Net Income	<u>\$ 2,372,871</u>	<u>\$ 567,980</u>	<u>\$ 1,101,599</u>

See accompanying notes to financial statements.

Fyzical, LLC
Statements of Changes in Members' Equity
Years Ended December 31, 2022, 2021, and 2020

	<u>Members' Equity</u>
Balance December 31, 2019	\$ (15,590,011)
Member contributions	3,997,668
Distributions	(3,880,999)
Net income	<u>1,101,599</u>
Balance December 31, 2020	<u>(14,371,743)</u>
Member contributions	4,866,407
Distributions	(5,095,847)
Net income	<u>567,980</u>
Balance December 31, 2021	<u>(14,033,203)</u>
Distributions	(6,442,213)
Net income	<u>2,372,871</u>
Balance December 31, 2022	\$ <u><u>(18,102,545)</u></u>

See accompanying notes to financial statements

Fyzical, LLC
 Statements of Cash Flows
 Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash Flows from Operating Activities:			
Net Income	\$ 2,372,871	\$ 567,980	\$ 1,101,599
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization expense	471	507	468
Depreciation expense	309,195	277,279	223,741
Write off (recovery) of bad debt	190,911	(34,278)	262,771
Asset distributions to related party	-	-	380,549
Loss on asset disposal	-	-	84,254
Non-cash lease expense	9,640	-	-
Change in operating assets:			
Accounts receivable	(489,658)	(1,242,985)	(59,072)
Due from related parties	1,998,335	(1,998,335)	-
Deferred costs	(1,686,282)	(1,604,964)	(70,918)
Prepaid expenses	(203,233)	(72,158)	52,677
Change in operating liabilities:			
Accounts payable	168,348	229,117	(57,817)
Accrued expenses	(174,933)	634,168	387,588
Due to related party	-	-	(195,872)
Deferred revenue	4,365,992	3,702,229	(1,406,507)
Deferred rent	-	5,264	66,888
Sublease	(13,720)	(13,888)	(14,412)
Total adjustments	4,475,066	(118,044)	(345,662)
Net cash provided by operating activities	6,847,937	449,936	755,937
Cash Flows from Investing Activities:			
Purchases of property and equipment	(438,130)	(365,653)	(322,193)
Repurchase of notes receivable	-	-	(166,263)
Credit extended to franchisees for franchise fees	(411,226)	(248,563)	(134,683)
Payments received on notes receivable	291,346	497,357	73,126
Net cash used in investing activities	(558,010)	(116,859)	(550,013)
Cash Flows from Financing Activities:			
Contributions from members	-	4,866,407	3,997,668
Distributions to members	(6,442,213)	(5,095,847)	(3,880,999)
Net cash provided by (used in) financing activities	(6,442,213)	(229,440)	116,669
Net change in cash	(152,286)	103,637	322,593
Cash - beginning of year	2,337,443	2,233,806	1,911,213
Cash - end of year	\$ 2,185,157	\$ 2,337,443	\$ 2,233,806

See accompanying notes to financial statements.

Fyzical, LLC
Notes to Financial Statements
December 31, 2022, 2021, and 2020

1. Organization and Nature of Operations

Fyzical, LLC (the Company), a limited liability company, was organized under the laws of the State of Florida effective August 28, 2012, and converted to a limited liability company organized under the laws of the state of Delaware effective December 26, 2017. Fyzical, LLC was formed for the purpose of offering and selling Fyzical franchises for the right to establish and operate physical therapy and fitness businesses in the United States.

2. Summary of Significant Accounting Policies

Financial Statements

The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Financial Instruments Not Measured at Fair Value

The Company's financial instruments are not measured at fair value on a recurring basis but nevertheless certain financial instruments are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash, accounts receivable, prepaid expenses, accounts payable, and accrued expenses.

Cash

Cash represents amounts held in bank accounts.

Accounts Receivable

The Company's accounts receivable balance consists of royalties receivable from franchisees and trade accounts receivable. Accounts receivable at December 31, 2022, 2021, and 2020 totaled \$2,195,505, \$1,847,656, and \$866,988, respectively. The reserve against uncollectible accounts receivable, an estimate arrived at using management's judgment on collectability, was \$72,809, \$76,509, and \$0 at December 31, 2022, 2021, and 2020, respectively.

Deferred Costs

Beginning in 2019 concurrent with the adoption of ASU 2014-09, the Company capitalizes incremental costs of obtaining a contract with a customer when the Company expects to recover these costs and the costs otherwise would not have been incurred if the contract had not been obtained. Costs to obtain a contract which would have been incurred regardless of whether the contract was obtained are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether a contract is obtained. These capitalized costs are shown as deferred costs on the balance sheet and are amortized over the term of the corresponding franchise agreement. At December 31, 2022, 2021, and 2020, deferred costs of sales commissions related to franchise revenues totaled \$4,110,017, \$2,423,735, and \$818,771, respectively. The Company recognized \$778,374, \$207,478, and \$136,971 in commission expense for the years ended December 31, 2022, 2021, and 2020, respectively.

Fyzical, LLC

Notes to Financial Statements (Continued)

December 31, 2022, 2021, and 2020

2. Summary of Significant Accounting Policies (Continued)

Notes Receivable and Bad Debts

The Company's notes receivable consists of financing agreements between the Company and franchisees to finance the initial franchise investment (franchise fees). The agreements range from 12-60 months and carry interest rates between 0% and 12%. The reserve against uncollectible notes receivable, an estimate arrived at using management's judgment on collectability, was \$125,178, \$103,405, and \$400,000 at December 31, 2022, 2021, and 2020, respectively. Bad debt expense (recovery) for the years ended December 31, 2022, 2021, and 2020 was \$190,911, \$(34,278), and \$262,771, respectively.

Advertising Expense

Advertising costs are expensed as incurred. Marketing and advertising expense charged to operations totaled \$1,050,397, \$797,283, and \$1,030,712 for the years ended December 31, 2022, 2021, and 2020, respectively.

Intangible Assets

Intangible assets consist of capitalized trademark costs. The intangible assets are amortized over their estimated useful life of 10 years.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition. Expenditures that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred. Depreciation is provided for over the estimated service lives of the respective assets on a straight-line basis. A summary of estimated lives is as follows:

	Years
Computer and Software	3-5
Furniture and Fixtures	3-5
Machinery and Equipment	5
Automobiles	5
Leasehold Improvements	5-10

Revenue Recognition

Franchise Fees

The Company sells franchise agreements throughout the United States. The related franchise fee is recorded upon completion of a franchise agreement contract. When the agreement is signed, the new franchisee must either pay the franchise fee in full or place a percentage down and obtain financing for the remainder. The Company may finance the remainder in the form of promissory notes, which are shown as notes receivable on the balance sheets. The initial franchise fee is determined based on estimated market planning of the protected search area.

Fyzical, LLC

Notes to Financial Statements (Continued)

December 31, 2022, 2021, and 2020

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Per ASU 2014-09, *Revenue from Contracts with Customers*, management has identified two distinct performance obligations for the Company, which is to provide initial training for franchisees and to provide the Company's intellectual property to the franchisee over the term of the agreement. Franchise fee revenue is allocated between these two distinct performance obligations and recognized as income as each obligation is satisfied. The estimated stand-alone cost of the initial training provided is \$4,000. Initial training is recognized upon receipt of payment or financing via a promissory note as these services are typically provided within 30 days of the effective date of the franchise agreement. The remainder of the franchise fee is allocated to the performance obligation of providing intellectual property to the franchisee over the term of the agreement. This amount is deferred and amortized into revenue over the term of the franchise agreement, which is typically ten years.

Franchise fee revenues totaled \$7,336,371, \$3,733,102, and \$2,927,440 for the years ended December 31, 2022, 2021, and 2020, respectively. Deferred franchise fees totaled \$27,332,448, \$22,966,456, and \$19,018,059 at December 31, 2022, 2021, and 2020, respectively.

Royalty Income

Franchisees are contractually obligated to pay a portion of their monthly receipts to the Company. Royalty fees are calculated based on monthly financial information provided by the franchisees and are recognized in the period during which the underlying revenues are earned.

Disaggregation of Revenue

The Company presents disaggregated revenue based on the timing of transfer of goods and services. Disaggregated revenue consists of the following at December 31, 2022:

Timing of Revenue Recognition	Franchise Fees	Royalty	Total
Services transferred at a point in time	\$ 304,000	\$ 8,658,230	\$ 8,962,230
Services transferred over time	7,032,371	-	7,032,371
	<u>\$ 7,336,371</u>	<u>\$ 8,658,230</u>	<u>\$ 15,994,601</u>

Disaggregated revenue consists of the following at December 31, 2021:

Timing of Revenue Recognition	Franchise Fees	Royalty	Total
Services transferred at a point in time	\$ 421,851	\$ 8,151,524	\$ 8,573,375
Services transferred over time	3,311,251	-	3,311,251
	<u>\$ 3,733,102</u>	<u>\$ 8,151,524</u>	<u>\$ 11,884,626</u>

Disaggregated revenue consists of the following at December 31, 2020:

Timing of Revenue Recognition	Franchise Fees	Royalty	Total
Services transferred at a point in time	\$ 280,206	\$ 6,589,173	\$ 6,869,379
Services transferred over time	2,647,234	-	2,647,234
	<u>\$ 2,927,440</u>	<u>\$ 6,589,173</u>	<u>\$ 9,516,613</u>

Fyzical, LLC
Notes to Financial Statements (Continued)
December 31, 2022, 2021, and 2020

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company is a limited liability company that has elected to be taxed as a partnership. All of the Company's taxable income or loss is allocated to the Members. Therefore, no provision or liability for income taxes has been included in the December 31, 2022, 2021, and 2020 financial statements.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Company has reviewed and evaluated the relevant technical merits of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Company.

The Company files income tax returns in the U.S. federal jurisdiction and the state of Delaware. The tax periods ending December 31, 2022, 2021, and 2020 are open to examination by the Company's major taxing jurisdictions.

Reclassifications

To facilitate comparison of financial data, certain amounts in the 2021 and 2020 financial statements have been reclassified to conform to the 2022 reporting presentation. Such reclassifications had no effect on the net income previously reported.

Adoption of New Accounting Pronouncement

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statement of operations. The Company adopted Topic 842 on January 1, 2022, using the optional transitional method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company has not elected to adopt the "hindsight" practical expedient and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

Fyzical, LLC

Notes to Financial Statements (Continued)

December 31, 2022, 2021, and 2020

2. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement (Continued)

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. The Company's lease agreements do not provide a readily determinable implicit rate. Therefore, the Company estimates its incremental borrowing rate based on information available at lease commencement in order to discount lease payments to present value.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately \$794,340 and \$866,491, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact net income or cash flows and did not result in a cumulative-effect adjustment to the opening balance of members equity.

3. Notes Receivable

Notes receivable consist of various principal amounts in accordance with franchise agreements. These notes are payable in monthly installments ranging from 12 to 60-month terms and accrue annual interest between 0% and 12%. At December 31, 2022, 2021, and 2020, notes receivable totaled \$1,140,420, \$1,042,313, and \$994,512, respectively. During the year ended December 31, 2019, the Company sold a portion of the notes receivable to a related party. During the year ended December 31, 2020, the Company purchased back a portion of the notes sold (see Note 6).

Principal amounts of notes receivable, net of reserve, are expected to be collected as follows for the year ending December 31, 2022:

2023	\$	1,004,368
2024		105,363
2025		30,689
Notes receivable balance	\$	<u>1,140,420</u>

4. Property and Equipment

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Computer and software	\$ 1,301,559	\$ 946,412	\$ 789,773
Furniture and fixtures	351,857	281,069	217,261
Machinery and equipment	-	-	10,749
Automobiles	23,467	23,467	22,207
Leasehold improvements	<u>284,664</u>	<u>283,954</u>	<u>141,504</u>
	1,961,547	1,534,902	1,181,494
Less: accumulated depreciation	<u>(1,157,874)</u>	<u>(832,835)</u>	<u>(570,708)</u>
	<u>\$ 803,673</u>	<u>\$ 702,067</u>	<u>\$ 610,786</u>

Depreciation expense for the years ended December 31, 2022, 2021, and 2020 was \$309,195, \$277,279, and \$223,741, respectively.

Fyzical, LLC
Notes to Financial Statements (Continued)
December 31, 2022, 2021, and 2020

5. Members' Equity

The Company is wholly owned subsidiary of Fyzical Buyer, LLC. During the years ended December 31, 2022, 2021, and 2020, the Company received capital contributions of \$0, \$4,866,407, and \$3,997,668, respectively.

All member units issued are considered voting units. The following presents Fyzical, LLC units held and capital contributions made by members during the years ended December 31, 2022, 2021, and 2020:

	Units Held	Capital Contribution
December 31, 2022		
Fyzical Buyer, LLC	1,000	\$ -
Total	1,000	\$ -

	Units Held	Capital Contribution
December 31, 2021		
Fyzical Buyer, LLC	1,000	\$ 4,866,407
Total	1,000	\$ 4,866,407

	Units Held	Capital Contribution
December 31, 2020		
Fyzical Buyer, LLC	1,000	\$ 3,997,668
Total	1,000	\$ 3,997,668

Distributions are paid first to members who have made capital contributions equal to the amount of such member's capital contribution and thereafter to the members in proportion to their units at the time of the distribution. During the years ended December 31, 2022, 2021, and 2020, the Company distributed \$6,442,213, \$5,095,847, and \$3,880,999 to its members, respectively.

6. Related Party Transactions

The Company previously shared office space and other expenses with a member. During the year ended December 31, 2022, the member sold this property and the Company began making payments to an unrelated party for the use of the office space. Prior to 2022, the member charged the Company for the use of office space and for other overhead. The amounts charged by the member for these expenses totaled \$81,335 and \$86,071 for the years ended December 31, 2021 and 2020, respectively.

During 2022, 2021, and 2020, the Company recognized \$116,604, \$116,604, and \$116,604 of franchise fee revenue, respectively, from two master franchise agreements sold to groups which included members of the Company.

In December 2019, the Company sold \$1,913,123 of notes receivable to a related party. The related party has recourse to the Company for failure of the underlying debtors to pay amounts contractually due if the underlying note is 60 days or more delinquent. Accordingly, a full reserve was established for any underlying notes 60 days delinquent in addition to any reserve calculated per the policies outlined in Note 2. The Company retained servicing responsibilities but does not receive servicing fees on the sold notes receivable.

Fyzical, LLC

Notes to Financial Statements (Continued)

December 31, 2022, 2021, and 2020

6. Related Party Transactions (Continued)

The notes were sold at their carrying value of outstanding principal due and therefore no gain or loss was recognized on the sale. At December 31, 2022, 2021, and 2020, the notes have weighted average maturity of 9, 10 and 19 months, a weighted average interest rate of 7%, 9% and 10%, principal outstanding of \$62,862, \$244,338 and \$844,522, and an allowance reserve of \$0, \$12,217, and \$115,886, respectively. The allowance reserve is included in the Company's note reserve on the balance sheets. During the year ended December 31, 2020, the Company purchased from the related party \$166,263 of previously sold notes receivable.

Throughout the year, the Company will incur various costs and collect revenues on behalf of Fyzical Acquisition Holdings, LLC and Subsidiaries, and vice versa. These costs and revenues are then accounted for as contributions, distributions, or intercompany balances. As of December 31, 2022, 2021, and 2020, contributions were \$0, \$4,866,407, and \$3,997,668, distributions were \$6,442,213, \$5,095,847, and \$3,880,999, and the intercompany receivable balance was \$0, \$1,998,335, and \$0, respectively.

7. Leases

The Company leases two buildings under operating leases which expire on May 1, 2026 and June 1, 2027. During the year ended December 31, 2019, the Company entered into a sublease agreement for the entirety of area covered by one of the operating leases. The Company recorded the \$100,811 difference between the fair value of lease payments owed and the fair value of sublease payments due as a sublease liability on the balance sheets, with a resulting loss on sublease on the statement of operations. The Company continues to be responsible for performance under the lease until it expires on June 1, 2027.

Operating lease expenses are recognized on a straight-line basis over the lease term. The components of lease expenses are as follows for the year ended December 31, 2022:

Lease Expense:

Finance lease expense:	
Amortization of ROU assets	\$ -
Interest on lease liabilities	-
Operating lease expense	298,285
Short-term lease expense	-
Variable lease expense	-
Sublease income	(72,894)
Total	<u>\$ 225,391</u>

Other Information:

(Gains) losses on sale-leaseback transactions, net	\$ -
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases (i.e. interest)	-
Financing cash flows from finance leases (i.e. principal portion)	-
Operating cash flows from operating leases	216,314
ROU assets obtained in exchange for new finance lease liabilities	-
ROU assets obtained in exchange for new operating lease liabilities	794,340
Weighted-average remaining lease term in years for finance leases	-
Weighted-average remaining lease term in years for operating leases	3.51
Weighted-average discount rate for finance leases	-
Weighted-average discount rate for operating leases	7.00%

Fyzical, LLC
Notes to Financial Statements (Continued)
December 31, 2022, 2021, and 2020

7. Leases (Continued)

Maturity Analysis

Years Ended December 31

	Finance Lease	Operating Lease	Sublease Income
2023	\$ -	\$ 221,800	\$ 70,192
2024	-	227,426	72,298
2025	-	233,194	74,467
2026	-	108,562	76,701
2027	-	8,732	39,110
Total undiscounted cash flows	-	799,714	\$ 332,768
Less: present value discount	-	(93,925)	
Total lease liabilities	\$ -	\$ 705,789	

Future minimum operating lease commitments, as determined under Topic 840, for all non-cancelable leases are as follows as of December 31, 2021:

2022	\$ 216,314
2023	221,800
2024	227,425
2025	233,194
2026	108,562
Thereafter	8,732
Total	\$ 1,016,027

Rent expense for the years ended December 31, 2022, 2021, and 2020 totaled \$225,391, \$201,089, and \$201,399, respectively. The lease liabilities presented above do not include variable lease payments for common area maintenance, real estate taxes and insurance. These amounts are not fixed and can fluctuate from year to year.

8. Commitments

The assets of the Company are pledged as collateral to the credit facility of Fyzical Buyer, LLC.

9. Concentrations of Credit Risk

The Company maintains its cash with two financial institutions in accounts, which at times, may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

10. Subsequent Events

The Company has evaluated all events subsequent to the balance sheet date of December 31, 2022 through the date these financial statements were available to be issued, March 30, 2023, and has determined that, except as set forth below, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

Effective on January 26, 2023, a \$750,000 note receivable was advanced to a member of the Company. The note has a term of 24 months, with an interest rate of 0%, and one balloon payment of the full \$750,000 balance due to the Company on January 26, 2025.

EXHIBIT D

LIST OF AREA REPRESENTATIVES

List of FYZICAL, LLC's Area Representatives as of 12/31/2022

Area Representative	Address	City	State	Zip	Phone
Bill McFeeley	927 Franklin St	Huntsville	AL	35801	256.536.9300
Carl Stephenson	1300 Mcfarland Blvd	Tuscaloosa	AL	35406	205.758.9041
Todd Pollock	6383 Kenai Spur	Kenai	AK	99611	907.335.1155
Jignesh Domadia; Jiten Dungarani	815 East Warner Rd Suite #100	Chandler	AZ	85248	915-240-6666
Brian Belmont	1185 Huntington Trails Pkwy	Westminster	CO	80023	303.748.6893
Lauren Johnson	10364 Heatherglen Ct	Highlands Ranch	CO	80130	303-653-1735
Sanjeev Joseph	5860 Ranch Lake Blvd Suite 102	Lakewood Ranch	FL	34204	(941) 417-8300
Sanjeev Joseph and Amol Mehta	7425 Monika Manor Dr.	Westchase	FL	33625	(813) 438-3579
Jim Thebeau	1353 Sienna Path	Columbia	IL	62236	314.540.7590
Bill Capraro	6921 W Archer Ave	Chicago	IL	60638	630.973.9700
Paul Guillory	221 Windermere Blvd	Alexandria	LA	71303	318.443.5111
Mike Siegel	15204 Omega Dr	Rockville	MD	20850	240.361.9001
Robert Hub; Scott Thayer	14427 Old Store Road	Huntersville	NC	28078	980-322-5950
Barry Burke	1400 Preston Rd., 400	Plano	TX	75093	(214) 207-4908
Ryan Mann	4102 Waverly Key Court	Katy	TX	77494	713-294-9766
Kevin Hua; Quynh Nguyen; Vincent Mai	3237 Forestbrook Rd	Richardson	TX	75082	214-274-1078
Rogan Taylor	5770 S 250 East	Salt Lake	UT	84107	801.268.2832
George Leppert	41162 Abbey Knoll Ct	Ashburn	VA	20148	713-409-3483
Jeff Moten	3124 Lockport Place	Henrico	VA	23233	(804) 301-6311
Irfan Mandani/Vikash Sharma	4920 Roswell Road NE Suite 36	Atlanta	GA	30342	(727) 418-9664
Chetan and Sandhya Polavaram	875 Mansell Road	Roswell	GA	30076	(770) 315-5100
Jiten Dungarini, Jignesh Domadia, Kruti Patel	815 east warner rd suite #100	Chandler	AZ	85225	480-703-5680
Sachin Haralkar	2268 Glouceston Lane	Naperville	IL	60564	(312) 975-7045
Taylor Hanken	1207 Hall - Johnson	Colleyville	TX	76034	(214) 914-3172
Brandon Gerstein	14519 Haley Ave	Parker	CO	80134	(850) 556-2744
Rhett Smith	9077 Terranova Drive	Naples	FL	34109	(615) 604-2112
Luke and Robin Lestikow	847 Harper Dr.	Verona	WI	53593	(920) 318-1171
Thomas Cook	111 W. 39th Street	Vancouver	WA	98660	(360) 433-1856
John Wiest	340 Honey Branch Lane	St. Augustine	FL	32092	
Michael and Sasha Stann	62 Jack Pine Dr.	Sudbury	MA	01776	(859) 519-9755
Kalindi Thakrar	4101 Hogg Ct.	Ellicott City	MD	21043	(443) 833-2595

FYZICAL, LLC: Financial Statements (Interim and Unaudited)

Income Statement	1/1/2023 to 2/28/2023
Franchise fees, net	1,602,315
Royalty income	1,368,387
Other revenue	78,690
Total revenue	<u>3,049,392</u>
Operating expenses	
Advertising	113,672
Amortization	-
Bad debt expense	50,000
Commissions	417,369
Depreciation	-
Insurance	49,184
Legal fees	42,876
Occupancy	36,650
Office expense	122,568
Professional fees	44,086
Salaries, wages and related benefits	1,344,129
State fees and taxes	2,244
Trade shows and conventions	16,517
Travel expense	41,799
Other expenses	150,508
Total operating expenses	<u>2,431,602</u>
Income from operations	<u>617,790</u>
Interest income	2,268
Net gain	<u><u>620,058</u></u>

Balance Sheet	2/28/2023
<u>Assets</u>	
Current assets	
Cash	1,173,643
Accounts receivable	3,742,795
Deferred costs	-
Prepaid expenses	636,362
Notes receivable, current maturities	907,056
Deferred costs: current	495,712
Total current assets	<u>6,955,569</u>
Noncurrent assets:	
Notes receivable, less current maturities	1,051,680
Due from related party	-
Intangible assets	352
Property and equipment	803,673
Deferred costs less current	3,614,305
Right-of-use asset	623,997
Total noncurrent assets	<u>6,094,007</u>
Total assets	<u><u>13,049,576</u></u>
<u>Liabilities and Members' Equity</u>	
Current liabilities:	
Accounts payable	728,347
Accrued expenses	1,259,783
Deferred revenue and deposits	4,468,520
Deferred rent: current	-
Sublease obligation: current portion	9,900
Short-term lease liability	177,984
Total current liabilities	<u>6,644,534</u>
Noncurrent liabilities:	
Deferred revenue	22,863,928
Sublease obligation, less current	48,891
Long-term lease liability	527,805
Total noncurrent liabilities	<u>23,440,624</u>
Total liabilities	30,085,157

Michael Tu and John Chiang	225 Asylum Street, 20th Floor	Hartford	CT	06103	(917) 841-4526
Wil Putt	921B Gale Lane	Nashville	TN	37204	(704) 345-4871
Ken Garron and Dan Citrenbaum	26 Summit Grove Ave Suite 201	Bryn Mawr	PA	19010	(610) 256-1328
Daniel Dieguez	888 Brickell Key	Miami	FL	33131	(305) 946-9012
Michael Arnold	21 Heather Lane	Hilton Head	SC	29926	(484) 515-1023
David Weliver	15 Jessies Lane	Cumberland	ME	04021	(207) 400-4056

List of Former FYZICAL, LLC Area Representatives or those who have not communicated with us within the last 10 weeks as of 12/31/2022

Chris Dowd; Scott Dobbins ¹	3104 N Armenia Ave Suite 2	Tampa	FL	33607	(727) 459-7607
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¹ This location remains in the system under new ownership.

If you buy an Area Representative Business, your contact information may be disclosed to other buyers while you are an Area Representative and when you leave the franchise system.

EXHIBIT E

SAMPLE GENERAL RELEASE

FYZICAL, LLC

GRANT OF FRANCHISOR CONSENT AND RELEASE

FYZICAL, LLC (“we,” “us,” or “our”) and the undersigned area representative, _____ (“you” or “your”), currently are parties to a certain Area Representative Agreement (the “Area Representative Agreement”) dated _____, 20____. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal situation]_____

_____. We have the right under the Area Representative Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your current and former parents, affiliates, and subsidiaries, and each of the foregoing person’s or entity’s current and former successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former parents, affiliates, and subsidiaries, and each of the foregoing entity’s current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “FYZICAL Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the FYZICAL Parties, including without limitation, Claims (1) arising out of or related to the FYZICAL Parties' obligations under the Area Representative Agreement or any other agreement executed by and between members of the Releasing Parties and the FYZICAL Parties; or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the FYZICAL Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the FYZICAL Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF THE TERRITORY GRANTED UNDER THE AREA REPRESENTATIVE AGREEMENT IS LOCATED IN CALIFORNIA OR ANY OF THE RELEASING PARTIES IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM,

DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE EVERBOWL® PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE EVERBOWL® PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Territory granted under the Area Representative Agreement is located in Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:

All representations requiring prospective area representatives to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration And Disclosure Law.

If the Territory granted under the Area Representative Agreement is located in Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:

Any general release provided for hereunder does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the date stated on the first page hereof.

FYZICAL, LLC

Print Name: _____

Title: _____

By: _____

Date: _____

AREA REPRESENTATIVE

Print Name: _____

Title: _____

By: _____

Date: _____

AREA REPRESENTATIVE OWNER (If Entity)

Print Name: _____

Title: _____

By: _____

Date: _____

Print Name: _____

Title: _____

By: _____

Date: _____

EXHIBIT F

**FORM OF PROMISSORY NOTE, SECURITY AGREEMENT AND UCC-1 FINANCING
STATEMENT**

SECURED PROMISSORY NOTE

U.S. \$ _____

Effective Date: _____
Executed at: _____

FOR VALUE RECEIVED, _____, a(n) _____, whose principal business address is _____ (the "**Area Representative**") promises to pay to the order of FYZICAL, LLC, a Delaware limited liability company (the "**Franchisor**"), at its offices at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (or at such other place or places as the Franchisor or the holder of this Promissory Note (this "**Note**") may designate in writing, from time to time), the principal sum of _____ DOLLARS (U.S. \$ _____) (the "**Loan**") along with interest on the outstanding Loan amount as described in Section 1 hereto, in lawful currency of the United States of America. The Loan represented by this Note is made in connection with that certain Area Representative Agreement dated _____, 20__ (the "**Area Representative Agreement**") between Area Representative and Franchisor. All capitalized terms not defined herein shall have the same meaning as contained in the Area Representative Agreement.

1. **Interest Rates and Payments.** Interest will accrue on the unpaid principal balance at the rate of 9.8% per annum. 24 equal monthly payments of principal plus accrued and unpaid interest in the amount of \$ _____ will be due and payable on the 5th day of each month commencing _____, 20__ until fully paid. All payments received by Franchisor will be applied first to accrued and unpaid interest and then to the then outstanding principal balance.

2. **Definition of Event of Default.** For purposes of this Note, an "**Event of Default**" is: (a) any failure to pay any sums when due to Franchisor or its affiliates under this Note, and failure to cure such default within five (5) days after receiving notice thereof; (b) any breach of the provisions of this Note, the Area Representative Agreement or any other agreement between Area Representative (or its affiliates) and Franchisor (or its affiliates) and failure to cure such breach within the applicable cure period (if applicable); (c) assignment by Area Representative of this Note or an attempt by Area Representative to assign this Note to a third-party for the benefit of Area Representative's creditors; (d) initiation of any action by Area Representative challenging the validity or enforceability of this Note or the Security Agreement; (e) any material adverse change in the financial condition of Area Representative or the occurrence of any event that, as determined by Franchisor in good faith, materially impairs the ability of Area Representative to pay the Loan; (f) filing of any insolvency or bankruptcy proceeding by or against Area Representative or the appointment of a receiver for Area Representative or any of Area Representative's assets; or (g) termination of the Area Representative Agreement.

3. **Late Charges; Default Interest Rate.** A late charge equal to five percent (5%) of any installments of interest or principal which is not paid within ten (10) days of the date when the same becomes due and payable will be included with any such late payment. At any time or times during which an Event of Default then exists or upon the maturity of this Note, the interest rate under this Note will be equal to the lesser of: (i) eighteen percent (18%) per annum; or (ii) the maximum rate of interest permitted by applicable law (the "**Default Interest Rate**"), and shall be due and payable **ON DEMAND**.

4. **Acceleration of Maturity.** In the event of the continuation of any default in the payment of any interest or principal under this Note for a period of five (5) days after notice is received from Franchisor or upon the occurrence of any other Event of Default, Franchisor or the holder of this Note may elect to declare and may declare the entire unpaid principal amount outstanding under this Note, together with interest accrued thereon, immediately due and payable and/or may increase the interest rate under this Note up to the Default Interest Rate.

5. **Waivers of notices.** Area Representative, including its successors and assigns, and all other endorsers and guarantors of this Note waive any defense by reason of any extension of time or nonpayment. Area Representative, its successors and assigns, and all endorsers and guarantors of this Note waive presentment, demand, notice of demand, protest, notice of non-payment, notice of protest, notice of dishonor, and diligence in collection.
6. **Attorneys' Fees.** In case suit is brought for the collection of this Note, or if it is necessary to place the same in the hands of an attorney for collection, Area Representative and all endorsers and guarantors of this Note agree to pay reasonable attorneys' fees for making such collection, including all fees and costs incident to any appellate, post-judgment, and bankruptcy proceedings that may result, whether the holder of this note is obligated thereof or not.
7. **Payment of Indebtedness.** Area Representative's obligation to pay this Note shall be absolute and unconditional. All payments under this Note shall be made without set-off or counterclaim and be free and clear and without any deduction or withholding for any taxes or fees of any nature whatever, unless the obligation to make such deduction or withholding is imposed by law.
8. **Security Interest and Guaranty.** Area Representative's obligations under this Note are secured by that security agreement executed by the parties concurrently herewith (the "**Security Agreement**"), the terms of which are incorporated to this Note by this reference. If you are not an individual, each of your direct and indirect owner must execute that certain owners' guaranty annexed hereto as Annex 1 (the "**Guaranty**") to guaranty your performance of your obligations under this Note.
9. **Cumulative Rights.** The rights and remedies of Franchisor as provided in this Note and the Security Agreement shall be cumulative and may be pursued singly, successively, or together against any other funds, property or security held by Area Representative for payment or security, in the sole discretion of Franchisor. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time. No reference in this Note to the Security Agreement or other document shall impair the obligation of Area Representative to pay all amounts under this Note strictly in accordance with the terms of this Note.
10. **Consideration.** Area Representative acknowledges and agrees that this Note has been signed and delivered to Franchisor in exchange for valuable consideration. The valuable consideration relates to amounts that are due and owing to Franchisor, without any defense or setoff.
11. **Costs.** All stamp taxes and other costs payable on this Note, on any instrument executed under it, and in respect of any transaction evidenced by this Note shall be borne by Area Representative.
12. **Venue.** Area Representative agrees that Sarasota County, Florida, is the proper venue for any and all legal proceedings arising out of this Note.
13. **Governing Law.** The provisions of this Note and the Area Representative Agreement will be construed according to the laws of the State of Florida.
14. **Consent to Changes.** All parties liable for the payment of this Note consent and agree that the granting to Area Representative or any other party of any extension of time for the payment of any sums due under this Note, or for the performance of any covenant or stipulation in this Note or in any document securing the Loan or the release of Area Representative or any other party, or the agreement of the Franchisor not to sue the Area Representative or any other party, or the discharge of Area Representative or any other party, or the taking or releasing of other or additional security, will not in any way release or

affect the liability of the Area Representative and/or of the endorsers or guarantors of this Note, all rights against such parties being expressly reserved.

15. **Entire Agreement.** This Note, together with the Security Agreement, constitutes the entire contract between Area Representative and Franchisor with respect to the Loan and the repayment of the Loan, and the other subject matter hereof, and supersedes all previous agreements and understandings, oral or written, with respect thereto.

16. **Amendment.** This Note may not be amended or modified, nor will any waiver of any provisions of this Note be effective, except by an instrument in writing signed by the holder of this Note. The Area Representative has signed this Note as principal and not as surety or accommodation party.

17. **Prepayment.** This Note may be prepaid, in whole or in part, at any time without penalty, provided that any partial payment shall be applied against the principal amount outstanding in inverse order of maturity and shall not postpone the due date of any subsequent payment unless the Franchisor shall otherwise agree in writing in its sole discretion.

18. **Nonassumability.** This Note is not transferrable, assignable, or assumable without Franchisor's prior written consent. Such assumption may be granted at the Franchisor's sole discretion and may be denied without regard to a showing of an impairment of the Franchisor's security or an evaluation of the creditworthiness of the proposed assuming party and regardless of whether the Franchisor consents to a transfer of the Area Representative Agreement. This Note may be freely assigned by Franchisor in its sole discretion without prior written notice to Area Representative.

19. **Severability.** If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

20. **WAIVER OF JURY TRIAL.** THE AREA REPRESENTATIVE, BY SIGNING THIS NOTE, AND THE FRANCHISOR, BY ACCEPTANCE OF THIS NOTE, MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE BETWEEN THEM WHETHER NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSSCLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS WHETHER ARISING FROM OR RELATED TO THE NEGOTIATION, SIGNING AND PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS NOTE RELATES.

21. **Interpretation.** The terms "Franchisor" and "Area Representative" shall be deemed to include their respective heirs, successor, and permitted assigns, whether by voluntary action of the parties or by operation of law. All references to "Area Representative" shall mean and include the named Area Representative and all co-maker, guarantors, sureties and accommodation parties signing or endorsing this Note, each of whom shall be jointly, severally and primarily liable as the maker of this Note.

22. **Execution.** This Note may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note may be executed by electronic means.

[Signature page follows]

“AREA REPRESENTATIVE ”

By: _____

Name: _____

Title: _____

Address for Notice: _____

ACCEPTED:

FYZICAL, LLC, a Delaware limited liability
company

By: _____

Name: _____

Title: _____

Address for notices:

1751 Mound Street, Suite 102
Sarasota, FL 34236

ANNEX -1 TO SECURED PROMISSORY NOTE

OWNERS' GUARANTY

In consideration of and as an inducement to FYZICAL, LLC, a Delaware limited liability company (“**Franchisor**”) entering into that certain Promissory Note and Security Agreement each dated as of _____, 20__ (collectively, the “**Financing Documents**”), between Franchisor and _____, a(n) _____ (“**Area Representative**”), the undersigned individuals (each, a “**Guarantor**”) jointly and severally, personally and unconditionally, do hereby: (a) guarantee to Franchisor, and its successor and assigns, for the term of the Financing Documents and as provided in the Financing Documents, that Area Representative shall punctually pay and perform each and every undertaking, agreement and covenant in the Financing Documents; and (b) agree to be personally bound by, and personally liable for, each and every provision in the Financing Documents.

Each Guarantor waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right the Guarantor may have to require that an action be brought against Area Representative or any other person as a condition of liability. Each Guarantor consents and agrees that: (1) such Guarantor’s direct and immediate liability under this guaranty shall be joint and several; (2) such Guarantor shall render any payment or performance required under the Financing Documents upon demand if Area Representative fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Representative or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of each of the Financing Documents and following the termination, expiration or transfer of each of the Financing Documents to the extent any obligations under any such Agreements survive such termination, expiration or transfer.

Depending on the creditworthiness of each Guarantor and the community property laws of the states in which they reside, Franchisor may require that the spouses of one or more Guarantors execute this guaranty as well. Each Guarantor represents and warrants that, if no signature appears below for such Guarantor’s spouse, such Guarantor is either not married or, if married, is a resident of a state that does not require the consent of both spouses to encumber the assets of a marital estate or Franchisor has waived in writing any requirement that such spouse execute this guaranty.

Each Guarantor consents and agrees that:

(a) Guarantor’s liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Area Representative and the other owners and Guarantors of Area Representative;

(b) Guarantor shall render any payment or performance required under any of the Financing Documents upon demand if Area Representative fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Area Representative or any assignee or successor of Area Representative or by any abandonment of one or more of the Financing Documents by a trustee of Area Representative. Neither the Guarantors’ obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner

whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) If no signature appears below for such Guarantor’s spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate. The spouse of the Guarantor, by executing this Guaranty, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to the undersigned’s performance of this Guaranty;

(e) Franchisor may proceed against each Guarantor and Area Representative jointly and severally, or Franchisor may, at its option, proceed against any Guarantor, without having commenced any action, or having obtained any judgment against Area Representative or other Guarantors. Each Guarantor waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

(f) This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida; and

(g) It shall pay all reasonable attorneys’ fees and all costs and other expenses incurred by Franchisor in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against the Guarantors.

Each Guarantor hereby agrees that this Guaranty and any dispute arising here under shall be governed by the terms of Section 12 (venue) and Section 13(Governing law) of the accompanying promissory note, the terms of which are incorporated in this Guaranty by this reference.

Each Guarantor hereby signs and delivers this Guaranty effective as of the date of the Area Representative Agreement regardless of the actual date of signature.

GUARANTOR(S)	SPOUSE(S)
Signed: _____ Name: _____ Address: _____	Signed: _____ Name: _____ Address: _____
Signed: _____ Name: _____ Address: _____	Signed: _____ Name: _____ Address: _____

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this “**Agreement**”) is made and entered into as of _____, 20____, by and among FYZICAL, LLC, a Delaware limited liability company whose principal business address is 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“**Secured Party**”), and _____, a(n) _____, whose principal business address is _____ (“**Debtor**”).

A. Secured Party has provided financing to Debtor in the amount of \$_____, representing a portion of the initial area representative fee (the “**Loan**”) as evidenced by that certain promissory executed by Debtor concurrently herewith (the “**Promissory Note**”) in connection with that certain Area Representative Agreement dated _____, 20____ (the “**Area Representative Agreement**”) executed by the parties.

B. Debtor is granting to Secured Party a security interest in the Collateral (as defined below) in order to secure Debtor’s unconditional obligation to pay the Loan to Secured Party.

ACCORDINGLY, for good and valuable consideration, the parties hereby agree as follows:

1. **Security Interest.** In order to secure payment and performance in full of the obligation of Debtor for (i) payment of the Loan and all other obligations of Debtor to Secured Party under the Area Representative Agreement, any other Unit Franchise Agreement, or any other agreement between you (or your affiliates) and us and do not correct such failure within 5 days after written notice of such failure is delivered to you; or, arising, under or in respect of the Area Representative Agreement and this Agreement, including but not limited to any extensions, modifications, substitutions, increases or renewals thereof; (ii) payment of all amounts advanced or incurred by Secured Party to preserve, protect, defend, and enforce its rights under this Agreement, the Area Representative Agreement, and with respect to the Collateral; and (iii) payment of all fees, costs and expenses incurred by Secured Party in connection therewith (the “**Commitments**”), Debtor hereby grants to Secured Party a continuing, valid, and unavoidable security interest in and lien on, all of Debtor’s right, title, and interest in all of its tangible and intangible assets, personal property, claims, rights, accounts, instruments, or interests, wherever located, whether now or hereafter existing, owned, licensed, leased, consigned, arising and/or acquired, and all accessions thereto and proceeds therefrom and all substitutions for, renewals to, improvements to, replacements of, and additions to, such assets, and all books, records and computer records in any way relating thereto (collectively, the “**Collateral**”).

2. **Representations; Warranties.** Debtor represents and warrants to Secured Party as follows: Debtor has good title to the Collateral, free from any right or claim of any security interest, lien, claim or encumbrance (collectively, a “**Lien**”), except for the permitted Liens listed in Annex 1. Debtor has full corporate power and authority to enter into, execute, and deliver this Agreement and to perform its Commitments under this Agreement, and to incur and perform the Commitments, all of which have been duly authorized by all necessary corporate action. This Agreement constitutes the valid and legally binding commitment of Debtor, enforceable against it in accordance with its terms. Bankruptcy proceedings have not been commenced by or against Debtor under any federal bankruptcy law or other federal or state law.

3. **Insurance.** Debtor shall at all times bear the entire risk of any loss, theft, damage to, or destruction of, any of the Collateral from any cause whatsoever. Debtor shall keep the Collateral insured against loss or damage by fire and extended coverage perils, theft, burglary, and against all such other risks, casualties, and contingencies as Secured Party may reasonably require. Such insurance shall be payable to Secured Party as loss payee under a standard loss payee clause.

4. **Notices.** Debtor covenants as follows:

4.1 Debtor will not, without providing at least 30 days' prior written notice to Secured Party, change its legal name, identity, type of organization, jurisdiction of organization, corporate structure, its principal place of business or its organizational identification number. Debtor will, prior to any change described in the preceding sentence, take all actions requested by Secured Party to maintain the perfection and priority of Secured Party's security interest in the Collateral.

4.2 Without the prior written consent of Secured Party, Debtor will not permit any direct or indirect change in the ownership interests or voting control of Debtor.

4.3 Debtor will maintain its corporate existence in good standing in all material respects in the state of its formation and not to be dissolved or withdraw or cancel its existence in the state of its formation.

4.4 Debtor will not sell, offer to sell, dispose of, convey, assign or otherwise transfer, grant any option with respect to, restrict, or grant, create, permit or suffer to exist any mortgage, pledge, lien, security interest, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein, except with the prior written consent of Secured Party, other than sales of inventory in the ordinary course of business.

4.5 Debtor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. Debtor will permit Secured Party, or its designee, to inspect the Collateral at any reasonable time, wherever located.

5. **Authorization to File Financing Statements.** Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements, including a UCC financing statement substantially in the form attached as Annex 2, and amendments thereto that (i) describe the Collateral; and/or (ii) provide any other information required by Article 9 of the Uniform Commercial Code of the State of Florida or such other jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment. Debtor shall execute and deliver to Secured Party all agreements, instruments and documents, and take all other actions, which Secured Party reasonably may request from time to time to perfect and maintain perfected Secured Party's security interest in the Collateral and to consummate the transactions contemplated in or by this Agreement and the Promissory Note.

6. **Remedies Upon Event of Default.** Upon the occurrence of any Event of Default (as defined in the Promissory Note), the Commitments under the Promissory Note shall become immediately due and payable upon declaration to that effect delivered by Secured Party to Debtor; provided, however, that upon the filing of any insolvency or bankruptcy proceeding by or against any Debtor or the appointment of a receiver for Debtor or any of Debtor's assets, the Promissory Note shall be immediately due and payable without declaration or other notice to Debtor. Upon the occurrence of and during the continuance of an Event of Default under this Agreement, Secured Party, in addition to all other rights, options, and remedies granted to Secured Party under this Agreement, shall have all rights, options and remedies available to it under the Uniform Commercial Code, as adopted under the internal laws of the State of Florida from time to time, at law, or in equity. Debtor agrees that a notice received by it at least 5 days before the time of any intended public sale, or the time after which any private sale or other disposition of the Collateral or any portion thereof is to be made, shall be deemed to be reasonable notice of such sale or other disposition.

7. **Nature of Remedies.** All rights and remedies granted Secured Party under this Agreement and under any other related documents, or otherwise available at law or in equity, shall be deemed concurrent and cumulative.

8. **Indemnification.** Debtor hereby agrees, at its cost and expense, to defend, hold harmless, indemnify and reimburse Secured Party, its affiliates, and its and their respective owners, directors, managers, officers, employees, agents, successors, assigns, and other representatives (collectively, the “**Indemnitees**”) from and against all losses, damages, costs, claims, actions, lawsuits, and proceedings, whether actual or alleged, arising out of or relating to any Debtor’s failure to perform one of more of its obligations in this Agreement or the Promissory Note, including as a result of or in connection with any use, operation, lease or consumption of any of the Collateral or as a result of Secured Party’s seeking to obtain performance of any of the obligations due with respect to the Collateral, including in each case accountants’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration, or alternative dispute resolution, and travel and living expenses (the “**Claims**”). Secured Party may, at its election, take control of the investigation and defense of the third-party Claims or any of them and employ attorneys and other consultants, investigators, and experts of its own choice to manage and defend the third-party Claims as to which it has taken control. Debtor will not settle or compromise any third-party Claim unless the affected Indemnitees consent.

9. **Secured Party Appointed Attorney-in-Fact.** Debtor hereby appoints Secured Party as Debtor’s attorney-in-fact, with full authority in the place and stead of Debtor and in the name of Debtor or otherwise, from time to time in Secured Party’s discretion to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement (but Secured Party shall not be obligated to and shall have no liability to Debtor or any third party for failure to do so or take action). This appointment, being coupled with an interest, shall be irrevocable. Debtor hereby ratify all that said attorneys shall lawfully do or cause to be done by virtue hereof.

10. **Secured Party May Perform.** If Debtor fails to perform any obligation contained in this Agreement, Secured Party may itself perform, or cause performance of, such obligation, and the expenses of Secured Party incurred in connection therewith shall be paid by Debtor; provided that Secured Party shall not be required to perform or discharge any obligation of Debtor.

11. **General.**

11.1 **Amendment.** This Agreement can be waived, amended, terminated or discharged, and the security interest and Liens of Secured Party can be released, only explicitly in a writing signed by Secured Party, and, in the case of amendment, in a writing signed by Debtor and Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given.

11.2 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and permitted assigns (except that Debtor may not assign its obligations under or rights in this Agreement without the prior written consent of Secured Party, which consent may be withheld in Secured Party’s sole discretion) and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party’s acceptance of this Agreement.

11.3 **Venue.** The Debtor agrees that Sarasota County, Florida, is the proper venue for any and all legal proceedings arising out of this Agreement.

11.4 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without regard to choice of law principles.

11.5 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but which counterparts together shall constitute but one and the same instrument. Fax or other electronically-imaged signatures shall constitute binding and original signatures for all purposes.

11.6 **Notice.** Any notice or other communication required or permitted under this Agreement shall be in writing and personally delivered, mailed by registered or certified mail (return receipt requested and postage prepaid), sent by facsimile (with a confirming copy sent by regular mail), sent by e-mail, or sent by prepaid overnight courier service, and addressed to the relevant party at its address set forth below, or at such other address as such party may, by written notice, designate as its address for purposes of notice under this Agreement. If mailed, notice shall be deemed to be given 3 days after being sent, and if sent by personal delivery, facsimile, prepaid courier, or e-mail, notice shall be deemed to be given when delivered.

12. **Waiver of Jury Trial.** DEBTOR HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT, OR ANY RELATED DOCUMENTS.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

“SECURED PARTY”

“DEBTOR”

FYZICAL, LLC, a Delaware limited liability company

a(n) _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address for notices:

Address for Notices:

1751 Mound Street, Suite 102
Sarasota, FL 34236

ANNEX 1 TO SECURITY AGREEMENT
PERMITTED LIENS

ANNEX 2 TO SECURITY AGREEMENT

UCC-1 FINANCING STATEMENT

(Attached)

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME				
OR				
1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME				
OR				
3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

4. COLLATERAL: This financing statement covers the following collateral:

5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, item 17 and Instructions) <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing
7. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> Lessee/Lessor <input type="checkbox"/> Consignee/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licensor	
8. OPTIONAL FILER REFERENCE DATA:	

EXHIBIT G

STATE ADDENDA AND RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
FYZICAL, LLC**

CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE CALIFORNIA FRANCHISE LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. OUR WEBSITE, www.fyzical.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

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

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange.

5. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the area representative concerning termination, transfer or nonrenewal of a franchise. If the Area Representative Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Area Representative Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Area Representative Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 *et seq.*).

The Area Representative Agreement requires that any dispute arising out of the Area Representative Agreement will adjudicated by the state or federal courts of competent jurisdiction located in Sarasota County, Florida. In any dispute, the prevailing party will be entitled to recover from the other party all damages, costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding. Prospective area representatives are encouraged to consult private legal counsel to determine the applicability of California laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to

any provisions of the Area Representative Agreement restricting venue to a forum outside the State of California.

The Area Representative Agreement requires the application of the law of the State of Florida. This provision may not be enforceable under California law.

The Area Representative Agreement requires you to sign a general release of claims upon transfer. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

6. Pursuant to an order of the State of California Department of Financial Protection and Innovation, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Bank of America. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Bank of America is on file with the State of California Department of Financial Protection and Innovation.

ILLINOIS

1. The following risk factors are added to the State Cover Page:

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.

Supplier Control. You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

2. The following language is added to the end of Item 17:

Except for the federal laws in the U.S., the laws of the State of Illinois will govern the Area Representative Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Area Representative Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, the Area Representative Agreement may provide for a venue outside of Illinois.

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

Your rights upon termination and non-renewal of the Area Representative Agreement is subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. Pursuant to an order of the Office of the Illinois Attorney General, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Bank of America. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Bank of America is on file with the Office of the Illinois Attorney General.

MARYLAND

1. The following is added to the end of the “Summary” sections of \ Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, any release required as a condition of sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the “Summary” section of Item 17(h), entitled “‘Cause’ defined – non-curable defaults”:

The Area Representative Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following sentence is added to the end of the “Summary” sections of Item 17(v) and 17(w):

An area representative may bring suit in Maryland for claims arising under the Maryland Franchise Registration Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. Pursuant to an order of the Maryland Securities Department, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Eagle Bank. These fees will remain in escrow until we apply to obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Eagle Bank is on file with the Maryland Securities Department.

MINNESOTA

1. Termination, Transfer and Dispute Resolution. The following is added at the end of the chart in Item 17:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Area Representative Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

Any release required as a condition of transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK

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

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

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 AREA REPRESENTATIVE 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 us, our parent, affiliates, the persons identified in Item 2, or an affiliate offering franchises under our 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 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.
- C. 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 we, our affiliate, predecessor, officers, or general partners or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately preceding the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. 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:

We apply the initial area representative fee to defray our costs for area representative screening and training, legal compliance, salary, and general administrative expenses and profits.

5. The following is added to the end of Item 17:

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 New York State 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 is added to Item 17(d):

You may terminate the Area Representative Agreement on any ground available by law.

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

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Area Representative Agreement.

8. The following is added to Item 17(v) and 17(w):

However, the governing choice of law and choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The following is added to Item 6 (Cost and Attorneys’ fees)

Sections of the Area Representative Agreement requiring you to pay all costs and expenses incurred by us in enforcing the Area Representative Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

2. The following is added to Item 17(i):

Sections of the Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

3. The following language is added to Item 17(r):

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

4. The following language is added to Item 17(u):

To the extent required by the North Dakota Franchise Investment Law disputes will be adjudicated by a court of competent jurisdiction or a court to which we and you mutually agree.

5. The following language is added to Item 17(v):

However, to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. The following language is added to Item 17(w):

, except as otherwise required by North Dakota law.

7. The following language is added to the end of Item 17(s) and Item 17(m):

However, any release required as a condition of assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

RHODE ISLAND

1. The following language is added to the end of Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in the Area Representative Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act. To the extent required by applicable law Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

VIRGINIA

1. The following language is added to the Special Risks to Consider About *This* Franchise:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$ 256,050 to \$1,019,500. This amount exceeds the franchisor's stockholder's equity as of December 31, 2020, which is \$ (14,371,743).

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

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the area representative agreement.

3. The following language is added to the end of the “Summary” section of Item 17(e), entitled “Termination by franchisor without cause”:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

SOUTH DAKOTA

1. The following language is added to Item 5 and Item 7 of the Disclosure Document:

Pursuant to an order of the Division of Insurance, Securities Regulation, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Bank of America. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Bank of America is on file with the Division of Insurance, Securities Regulation.

WASHINGTON

2. The Securities Division of the State of Washington Department of Financial Institutions requires the following language be added at the end of Item 17:

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

RCW 19.100.180 may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Representative Agreement, an area representative may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by an area representative may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of an area representative, unless the employee's

earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of an area representative under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Representative Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting an area representative from (i) soliciting or hiring any employee of an area representative of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Representative Agreement or elsewhere are void and unenforceable in Washington.

3. The following risk factor is added to the State Cover Page:

Financial Condition. The franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.

4. The following language is added to Item 5 and Item 7 of the Disclosure Document:

Pursuant to an order of the Department of Financial Institutions, Securities Division, Registration Unit, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Bank of America. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Bank of America is on file with the Department of Financial Institutions, Securities Division, Registration Unit.

5. The following language is added to Item 17(d) of the Disclosure Document:

You may terminate the Area Representative Agreement if we materially breach the Area Representative Agreement and fail to cure the breach within 60 days after you send us a written notice specifying the nature of the breach. If you terminate the Area Representative Agreement under this Section, you agree to still comply with your post-termination obligations and all other obligations that survive the expiration or termination of the Area Representative Agreement.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
AREA REPRESENTATIVE AGREEMENT**

**RIDER TO
FYZICAL, LLC
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

THIS RIDER (the “**Rider**”) is effective as of _____, 20____ (the “**Agreement Date**”), and amends the Area Representative Agreement dated _____, 20____ (the “**Agreement**”), between **FYZICAL, LLC** (“**we,**” “**us,**” “**our**” or the “**Franchisor**”) and _____ (“**you,**” “**your**” or the “**Franchisee**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement. This Rider is being signed because (a) you are domiciled in California and the FYZICAL Center that you will operate under the Agreement will be located in California; and/or (b) any of the offering or sales activity relating to the Agreement occurred in California.

2. **INITIAL FRANCHISE FEES.** The following is added to the end of Section 7A (“Initial Franchise Fee”) of the Area Representative Agreement:

Pursuant to an order of the Department of Financial Protection and Innovation, imposed based upon our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Bank of America. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Bank of America is on file with the Department of Protection and Innovation.

Intending to be bound, the parties sign and deliver this Rider in two counterparts effective on the Agreement Date, regardless of the actual date of signature.

FRANCHISOR:

FRANCHISEE:

FYZICAL, LLC

a Delaware limited liability company

[Business Entity Name]

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

(If Individual(s)):

Sign: _____
Print Name: _____
Date: _____

Sign: _____
Print Name: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT**

FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____ (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this rider. This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because (a) any of the offering or sales activity relating to the Area Representative Agreement occurred in Illinois and the activities you conduct under the Area Representative Agreement will be conducted in Illinois, and/or (b) you are domiciled in Illinois.

2. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added to the end of the Area Representative Agreement:

Except for the federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in an Area Representative Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, an Area Representative Agreement may provide for a venue outside of Illinois.

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

Your rights upon termination and non-renewal of the Area Representative Agreement are subject to Sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. **INITIAL FRANCHISE FEES.** The following is added to the end of Section 7A (“Initial Franchise Fee”) of the Area Representative Agreement:

Pursuant to an order of the Office of the Illinois Attorney General, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Bank of America. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Bank of America is on file with the Office of the Illinois Attorney General.

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

YOU:

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT**

FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____, 20____, (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) your designated Territory is located in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **INITIAL FRANCHISE FEE.** The following is added to the end of Section 7A (“Initial Franchise Fee”) of the Area Representative Agreement:

Pursuant to an order of the Maryland Securities Department, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Eagle Bank. These fees will remain in escrow until we apply to obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Eagle Bank is on file with the Maryland Securities Department.

3. **RELEASES.** The following is added to the end of Section 13 (b) (“Transfer. By You.”) of the Area Representative Agreement:

However, any release required as a condition of sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. **TERMINATION.** The following sentence is added to the end of Section 14 (xiii) of the Area Representative Agreement:

This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **GOVERNING LAW.** The following sentence is added to the end of Section 18(n) (“Governing Law”) of the Area Representative Agreement:

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 18(p) (“Limitation of Claims”) of the Area Representative Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

7. **RELEASES.** The Area Representative Agreement is further amended to state that “All representations requiring prospective area representatives to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

YOU:

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____, 20____, (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because (a) your designated Territory under the Area Representative Agreement is located in Minnesota; (b) you are domiciled in Minnesota; and/or (c) any of the offering or sales activity relating to the Area Representative Agreement occurred in Minnesota.

2. **NOTIFICATION OF INFRINGEMENT OR CLAIM.** The following sentence is added to the end of Section 10(e) (“Indemnification by Us”) of the Area Representative Agreement:

Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

3. **RELEASES.** The following is added to the end of Section 13 (b) (“Transfer. By You.”) of the Area Representative Agreement:

Any release required as a condition of sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **TERMINATION.** The following is added to the end of Sections 14(xiii) (“Termination”) of the Area Representative Agreement:

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

5. **GOVERNING LAW.** The following sentence is added to the end of Section 18(n) (“Governing Law”) of the Area Representative Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **JURISDICTION.** The following language is added to the end of Section 18(o) (“Jurisdiction”) of the Area Representative Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 18(p) (“Limitation of Claim”) of the Area Representative Agreement:

provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

8. **MINNESOTA LAW.** Notwithstanding anything to the contrary contained in the Area Representative Agreement, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

YOU:

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT**

FOR USE IN NEW YORK

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____, 20____, (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because (a) you are domiciled in the State of New York and the designated Territory under the Area Representative Agreement is located in New York, and/or (b) any of the offering or sales activity relating to the Area Representative Agreement occurred in New York.

2. **TRANSFER BY US.** The following language is added to the end of Section 13(a) (“Transfer. By Us”) of the Area Representative Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following is added to the end of Section 13(b) (“Transfer. By You.”) of the Area Representative Agreement:

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION BY YOU.** The following language is added to the end of Section 14 (“Termination”) of the Area Representative Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW AND RIGHT TO INJUNCTIVE RELIEF.** The following sentence is added to the end of Sections 18(o) (“Jurisdiction”) and 18(n) (“Governing Law”) of the Area Representative Agreement:

This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law as amended, and the regulations issued thereunder.

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

YOU:

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT**

FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____, 20____, (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because (a) an offer to sell is made in the State of North Dakota; or (b) an offer to buy is accepted in the State of North Dakota; or (c) if you are domiciled in the State of North Dakota, the designated Territory under the Area Representative Agreement is located in the State of North Dakota.

2. **NON-COMPETITION.** The following language is added to the end of Section 11(d) (“Exclusive Relationship”) and Section 15(d) (“Noncompetition”) of the Area Representative Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

3. **RELEASES.** The following is added to the end of Section 13(b) (“Transfer. By You”) of the Area Representative Agreement:

However, any release required as a condition of assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **GOVERNING LAW.** The following sentence is added to the end of Section 18(n) (“Governing Law”) of the Area Representative Agreement:

Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), and except as otherwise required by North Dakota law, this Agreement and the franchise relationship shall be governed by the laws of the State of Florida (without reference to its principles of conflicts of law), but any law of the State of Florida that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its area representative will not apply unless its jurisdictional requirements are met independently without reference to this Section.

5. **JURISDICTION**. The following language is added to the end of Section 18(o) (“Jurisdiction”) of the Area Representative Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

6. **LIMITATION OF CLAIMS**. The following language is added to the end of Section 18 (p) (“Limitation of Claim”) of the Area Representative Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

7. **WAIVER OF JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, portion of Section 18(o) of the Area Representative Agreement regarding waiver of jury trial is deleted.

8. **ENFORCEMENT**. Sections of this Agreement requiring you to pay all costs and expenses incurred by us in enforcing this Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

YOU:

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT**

FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____, 20____, (the “Area Representative Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because (a) you are domiciled in Rhode Island and the designated Territory under the Area Representative Agreement is located in the State of Rhode Island; and/or (b) any of the offering or sales activity relating to the Area Representative Agreement occurred in Rhode Island.

2. **GOVERNING LAW & JURISDICTION.** The following sentence is added to the end of Section 18(n) (“Governing Law”) and Section 18(o) (“Jurisdiction”) of the Area Representative Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

YOU:

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT**

FOR USE IN VIRGINIA

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____, 20____, (the “Area Representative Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because the designated territory that you will operate under the Area Representative Agreement will be established or maintained in Virginia.

2. **INITIAL FRANCHISE FEES.** The following paragraph is added at the end of Section 7 of the Area Representative Agreement:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the area representative agreement.

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

YOU:

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT**

FOR USE IN SOUTH DAKOTA

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____, 20____, (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because (a) you are domiciled in South Dakota and the FYZICAL Center that you will operate under the Agreement will be located in South Dakota; and/or (b) any of the offering or sales activity relating to the Agreement occurred in South Dakota.

2. **INITIAL FRANCHISE FEE.** The following is added to the end of Section 7A (“Initial Franchise Fee”) of the Area Representative Agreement:

Pursuant to an order of the Division of Insurance, Securities Regulation, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Bank of America. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Bank of America is on file with the Division of Insurance, Securities Regulation.

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

YOU:

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE FYZICAL, LLC
AREA REPRESENTATIVE AGREEMENT**

FOR USE IN WASHINGTON

THIS RIDER is made and entered into by and between **FYZICAL, LLC**, a Delaware limited liability company with its principal business address at 1751 Mound Street, Suite 102, Sarasota, Florida 34236 (“we”) and _____ a(n) _____, having its principal business address at _____ (“you”).

3. **BACKGROUND.** We and you are parties to that certain Area Representative Agreement dated _____, 20____, (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement and supersedes any inconsistent or conflicting provisions of the Area Representative. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) you are a resident of the State of Washington; or (c) the designated Territory under the Area Representative Agreement is located, wholly or partly, in the State of Washington.

4. **WASHINGTON LAW.** The following paragraphs are added to the end of the Area Representative Agreement:

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

RCW 19.100.180 may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Representative Agreement, an area representative may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington

A release or waiver of rights executed by an area representative may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of an area representative, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of an area representative under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Representative Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting an area representative from (i) soliciting or hiring any employee of an area representative of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Representative Agreement or elsewhere are void and unenforceable in Washington.

3. **INITIAL FRANCHISE FEES.** The following is added to the end of Section 7A ("Initial Franchise Fee") of the Area Representative Agreement:

Pursuant to an order of the Department of Financial Institutions, Securities Division, Registration Unit, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with Bank of America. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Center. A copy of the executed Escrow Agreement entered into with Bank of America is on file with the Department of Financial Institutions, Securities Division, Registration Unit.

4. **TERMINATION BY YOU.** The following is added to the end of Section 14 of the Area Representative Agreement:

You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 60 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement under this Section, you agree to still comply with your post-termination obligations and all other obligations that survive the expiration or termination of this Agreement.

[SIGNATURE PAGE TO FOLLOW]

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

WE:
FYZICAL, LLC

By: _____
Name: Brian Belmont
Title: CEO
Date: _____

YOU:

By: _____
Name: _____
Title: _____
Date: _____

NEW YORK REPRESENTATIONS PAGE

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

State Effective Dates

The following states have franchise laws that require the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

EXHIBIT H

RECEIPTS

RECEIPT #1
(OUR COPY)

This disclosure document summarizes certain provisions of the area representative agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FYZICAL, LLC 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, FYZICAL, LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If FYZICAL, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A. The name, principal business address, and telephone number of the franchise seller(s) involved with the sale of this franchise is/are:

- | | | |
|--|---|--|
| <input type="checkbox"/> Brian Belmont
FYZICAL, LLC
1751 Mound Street
Suite 102
Sarasota, FL 34236 | <input type="checkbox"/> Scott Wendrych
FYZICAL, LLC
1751 Mound Street
Suite 102
Sarasota, FL 34236 | <input type="checkbox"/> _____
FYZICAL, LLC
1751 Mound Street
Suite 102
Sarasota, FL 34236 |
|--|---|--|

We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered.

Issuance Date: **April 19, 2023**

I have received the FYZICAL® Franchise Disclosure Document dated April 19, 2023 that included the following Exhibits:

- | | |
|---|---|
| Exhibit A - State Administrators /
Agents for Service of Process | Exhibit F - Form of Promissory Note, Security
Agreement and UCC-1 Financing
Statement |
| Exhibit B - Area Representative Agreement | Exhibit G - State Addenda |
| Exhibit C - Financial Statements | Exhibit H - Receipts |
| Exhibit D - List of Area Representatives | |
| Exhibit E - Sample General Release | |

PROSPECTIVE AREA REPRESENTATIVE:

If a business entity:

Name of Business Entity

By: _____

Its: _____

Print Name: _____

Dated: _____

(Do not leave blank)

If an individual:

Print Name: _____

Dated: _____

(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it to FYZICAL, LLC, 1751 Mound Street, Suite 102, Sarasota, FL 34236.

RECEIPT #2
(YOUR COPY)

This disclosure document summarizes certain provisions of the area representative agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FYZICAL, LLC 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, FYZICAL, LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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

The name, principal business address, and telephone number of the franchise seller(s) involved with the sale of this franchise is/are:

- | | | |
|--|---|--|
| <input type="checkbox"/> Brian Belmont
FYZICAL, LLC
1751 Mound Street
Suite 102
Sarasota, FL 34236 | <input type="checkbox"/> Scott Wendrych
FYZICAL, LLC
1751 Mound Street
Suite 102
Sarasota, FL 34236 | <input type="checkbox"/> _____
FYZICAL, LLC
1751 Mound Street
Suite 102
Sarasota, FL 34236 |
|--|---|--|

We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered.

Issuance Date: **April 19, 2023**

I have received the FYZICAL® Franchise Disclosure Document dated April 19, 2023 that included the following Exhibits:

- | | |
|--|---|
| Exhibit A - State Administrators / Agents for Service of Process | Exhibit F - Form of Promissory Note, Security Agreement and UCC-1 Financing Statement |
| Exhibit B - Area Representative Agreement | Exhibit G - State Addenda |
| Exhibit C - Financial Statements | Exhibit H - Receipts |
| Exhibit D - List of Area Representatives | |
| Exhibit E - Sample General Release | |

PROSPECTIVE AREA REPRESENTATIVE:

If a business entity:

Name of Business Entity
By: _____
Its: _____
Print Name: _____
Dated: _____
(Do not leave blank)

If an individual:

Print Name: _____
Dated: _____
(Do not leave blank)

KEEP THIS COPY FOR YOUR RECORDS