

# FRANCHISE DISCLOSURE DOCUMENT

## TRUE MOVEMENT FRANCHISING INC. a Delaware Corporation

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True Movement Franchising Inc. offers franchises for the operation of a True Movement® Studio providing stability, mobility and strength training for rehabilitation, conditioning and to enhance athletic performance using a proprietary patent-pending spring-loaded care True Movement Platform®, with proprietary training methodologies, the True Movement Method®.

The total investment necessary to begin operation of a True Movement® Studio franchise ranges from approximately \$334,650 to approximately \$1,056,200. This includes an initial franchising fee of \$50,000 that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive 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 Erin Baker at [erin@truemovement.ca](mailto:erin@truemovement.ca).

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

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

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

Issuance Date: June 25, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation only in Edmonton, Alberta, Canada and arbitration only in Wilmington, Delaware and litigation only in Wilmington, Delaware. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate with the franchisor in Alberta, or to arbitrate with the franchisor in Wilmington, Delaware or to litigate with the franchisor in Wilmington, Delaware rather than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” in Exhibit C to see whether your state requires other risks to be highlighted.

## MICHIGAN

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

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

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee 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  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

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### Exhibits

A	Franchise Agreement
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B	List of State Agencies
C	State Addenda to this Disclosure Document
D	State Amendments to the Franchise Agreement
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F	Mutual Release Agreement
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H	Financial Statements
I	List of Current Franchisees and Franchisees Who Have Left the System

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

To simplify language in this disclosure document, “we”, “us” or “True Movement®” means, True Movement Franchising Inc., the franchisor. “You” means the person, limited liability company, limited partnership or corporation who buys the franchise and where applicable includes each Equity Owner of the franchisee. “Equity Owner” means any natural person who, directly or indirectly, owns an equity interest in the limited liability company, limited partnership, or corporation that buys the franchise. “Guarantors” means all of your Equity Owners, if You are not a natural person, and they must guarantee all of your obligations under the Franchise Agreement (individually, a “Guarantor”).

***The Franchised Business***

A True Movement® Studio business (individually, a “Franchise Business” and collectively, the “Franchised Businesses”) provides stability, mobility and strength training for rehabilitation, conditioning and to enhance athletic performance using a proprietary patent-pending spring-loaded carriage platform, the True Movement Platform®, together with proprietary training methodologies, the True Movement Method®. The True Movement Platform® is also used by both amateur and professional sports teams as part of their training programs in support of achieving athletic performance.

The rights granted under a True Movement® Studio franchise agreement attached as Exhibit A to this disclosure document (a “Franchise Agreement”) consist of the right to use the System and a license to use the True Movement trademarks (the “Marks”) in the operation of a Franchised Business. “System” means the studio design, methodology, exercises, and specialized machines developed and owned by True Movement®.

The True Movement Method® is a three-dimensional movement system that focuses on stability, mobility and strength. Our training certifications are formed around three fundamentals: enhancing performance, restoring posture, and increasing mobility. The True Movement Method® is coupled with the True Movement Platform®, which is a custom engineered, self-manufactured exercise platform that has a patented triple-spring loaded mechanism that provides the adaptability and support necessary for performing a range of stability, mobility, and strength exercises. The True Movement Platform® has a larger footprint than a typical Pilates reformer and contains a pull up bar, sling attachment, and has triple springs.

We may require you to add certain injury recovery services such as red light therapy, infrared sauna, and intravenous therapy. If added, you will have to purchase additional equipment and supplies that we specify.

***The Franchisor***

We are a corporation incorporated under the laws of the State of Delaware on April 29, 2025, and carry on business under our corporate name. We do not do business under any other name.

Our principal business address is 11204 178 St., NW Edmonton, Alberta, Canada T5S 1P2. Our telephone number is 1-780-800-8783. Our agents for service of process are disclosed in Exhibit B to this disclosure

document.

We grant franchises to qualified candidates in the United States for the operation of Franchised Businesses using the System and identified by the Marks. We began offering franchises in June, 2025. We do not operate businesses of the type being franchised. We do not conduct any other business activities.

***Parents, Predecessors and Affiliates***

The following companies are our parents:

Name and Address	Business
True Movement U.S. Inc. 5424 Thibault Wynd Edmonton, Alberta T6R 3J1	True Movement U.S. Inc. is a holding company incorporated in Delaware that owns all shares of True Movement Franchising Inc.
2702571 Alberta Ltd., an Alberta Corporation  2500-1030 Jasper Avenue NW Edmonton, Alberta T5J 3N6	2702571 Alberta Ltd. is a holding company that owns all shares of True Movement U.S. Inc.
2702570 Alberta Ltd., an Alberta Corporation  2500-1030 Jasper Avenue NW Edmonton, Alberta T5J 3N6	2702570 Alberta Ltd. is a holding company that owns the majority of shares of 2702571 Alberta Ltd.

Our parents have not offered franchises in any line of business. Our parents do not conduct any other business.

We have not acquired a majority of our assets from any person. Therefore, by definition, we do not have any predecessors.

The following companies are our affiliates (that is, they control, are controlled by, or are under common control with, us and either offer franchises or provide products or services to our franchisees):

Name and Address	Business
2436173 Alberta Ltd., an Alberta corporation  5424 Thibault Wynd Edmonton, Alberta T6R 3J1	2436173 Alberta Ltd. is the owner of certain of the Marks and other intellectual property such as patents for the True Movement Platform®, which are licensed to True Movement Franchising, Inc. and are to be sublicensed to you. 2436173 also owns the inventory of True Method Platforms® and will receive all income from the sale of these platforms to you.

<p>2583234 Alberta Ltd., an Alberta corporation, engaging in business under the name of True Movement</p> <p>5424 Thibault Wynd Edmonton, Alberta T6R 3J1</p>	<p>2583234 Alberta Ltd. has franchised True Movement® Studios in Canada since May 2024.</p>
<p>1411475 Alberta Ltd., an Alberta corporation</p> <p>5424 Thibault Wynd Edmonton, Alberta T6R 3J1</p>	<p>1411475 Alberta Ltd. operated a True Movement® Studio in Edmonton, Alberta starting in February 2014. That studio was used to design the True Movement Platform®, refine the True Movement Method® and develop the System and the True Movement® franchise program. The Edmonton studio moved to the System’s new 10,000 square foot flagship location in Edmonton, Alberta in August, 2024. 1411475 Alberta Ltd. is also the owner of certain of the Marks which are licensed to True Movement Franchising, Inc. and are to be sublicensed to you.</p>
<p>2628030 Alberta Ltd.</p> <p>11204 178 St NW, Edmonton, AB T5S 1P2</p>	<p>2628030 Alberta Ltd. is an affiliate that owns True Movement’s new flagship studio, which is used as the Franchisor’s head office, and will be used for training True Movement® franchisees and their personnel including initial training to be provided to the Guarantors and to your studio manager and the certification training to be provided to those individuals using the True Movement Method®.</p>

2436173 Alberta Ltd. has not offered franchises in any line of business and does not conduct the type of business you will operate.

2583234 Alberta Ltd. has not offered franchises in any other line of business and does not conduct the type of business you will operate. 2583234 Alberta Ltd. has never offered franchises of any kind in the United States.

1411475 Alberta Ltd. and 2628030 Alberta Ltd. have not offered franchises in any line of business.

***General Description of the Market and Competition***

Our services are typically provided to members of the public, amateur and professional athletes, and amateur and professional sports teams as part of their training programs in support of rehabilitation, conditioning and achieving athletic performance. The consumer market for such services includes anyone who desires to improve or maintain his or her health and fitness or to combat obesity.

The market for specialized exercise or physical wellness services is well established and developed.

Specialized exercise and physical wellness businesses are affected by general economic conditions, tight credit markets, restrictive business lending conditions, unemployment levels which may affect discretionary spending by consumers, and the presence of competition. There may be unforeseen changes in the economy or our industry. You will compete directly with local and national franchises and chains and other businesses that offer exercise services and products such as health clubs, as well as physical therapy, ballet, yoga or Pilates studios. Fitness studios are generally not seasonal businesses, although there may be local seasonal variations and variations related to weather or health closures such as COVID-19.

***Industry Specific Laws and Regulations***

In addition to laws and regulations that apply to businesses generally, you may be subject to health club and fitness instructor regulations in your state, city or county. These regulations may include registration and bonding requirements and may require training to use and maintain safety equipment such as automated external defibrillators. Some states require training and certification in cardiopulmonary resuscitation (CPR) and first aid, which you and/or your employees will have to complete before opening your Franchised Business.

There may be other state and other governmental regulations that apply specifically to the fitness center industry. For example, federal FDA regulations require certain disclosures must be made for weight loss programs, medical claims made to sell nutritional products, and certain health warnings must be given. In addition, state laws in many states require that health club or fitness center contracts have specific financial disclosures to customers, require limitations on advance membership fees, limit other contract terms, have bonding requirements and other consumer protections.

These laws vary from jurisdiction to jurisdiction. It is your responsibility to become familiar with these laws.

**ITEM 2  
BUSINESS EXPERIENCE**

**Erin Baker: Director, President and Secretary-Treasurer: Erin Baker**

Erin Baker has been our Director, President, Secretary-Treasurer in Edmonton, Alberta, Canada since April 29, 2025. Since June 3, 2022, Erin has served as CEO of our affiliate, 2583234 Alberta Ltd., in Edmonton, Alberta, Canada. Erin has also served as CEO of our affiliate, 2628030 Alberta Ltd. in Edmonton, Alberta, Canada, since July 3, 2024. Since September 2009, Erin has owned and operated True Movement wellness and exercise studios in Edmonton, Alberta, Canada.

<b>EMPLOYER</b>	<b>JOB TITLE</b>	<b>LOCATION (CITY, STATE)</b>	<b>START DATE (MONTH, YEAR)</b>	<b>END DATE (MONTH, YEAR)</b>
True Movement	Director, President, Secretary- Treasurer	Edmonton, Alberta, CA	April 2025	Present
2628030 Alberta Ltd.	CEO	Edmonton, Alberta, CA	July 2024	Present

2583234 Alberta Ltd.	CEO	Edmonton, Alberta, CA	June 2022	Present
True Movement	Owner/President	Edmonton, Alberta, CA	September 2009	Present

**Beth Potter: Franchise and Business Development Specialist**

Ms. Potter has served in this role at True Movement Franchising, Inc., since April 2025, and she has worked in the fitness and health industry since 2015.

EMPLOYER	JOB TITLE	LOCATION (CITY, STATE)	START DATE (MONTH, YEAR)	END DATE (MONTH, YEAR)
True Movement	Franchise and Business Development	Edmonton, Alberta, CA	April 2025	Present
Walla	VP of Sales	California	August 2024	April 2025
Studio Grow	Chief Experience Officer	Virginia	January 2022	August 2024
SEB Brands	Field Support Manager	Minnesota	September 2020	January 2022
Anytime Fitness	Studio Manager	Illinois	August 2015	September 2020

**Kelli Sholdice: Franchise Business Development Manager**

Ms. Sholdice has worked as our Franchise Business Development Manager, in Edmonton, Alberta, since September 2024. Prior to that, Ms. Sholdice worked as an educator for about 20 years.

EMPLOYER	JOB TITLE	LOCATION (CITY, STATE)	START DATE (MONTH, YEAR)	END DATE (MONTH, YEAR)
True Movement	Franchise Business Development Manager	Edmonton, Alberta, Canada	September 2024	Present
Chinooks Edge School Division	Teacher	Innisfail, Alberta, Canada	September 2003	August 2024

**Leslie Holmes: Director of Operations**

Ms. Holmes has worked as our operations director, in Edmonton, Alberta, since January 2024. Prior to that, Ms. Holmes worked as a True Movement trainer, teacher trainer coordinator, and studio manager in Edmonton, Alberta.

<b>EMPLOYER</b>	<b>JOB TITLE</b>	<b>LOCATION (CITY, STATE)</b>	<b>START DATE (MONTH, YEAR)</b>	<b>END DATE (MONTH, YEAR)</b>
True Movement	Director of Operations	Edmonton, Alberta, Canada	January 2024	Present
Self-employed/Independent Contractor at True Movement	Studio manager	Edmonton, Alberta, Canada	January 2019	December 2023
Self-employed/Independent Contractor at True Movement	Teacher Training Coordinator	Edmonton, Alberta, Canada	January 2020	December 2023
Self-employed/Independent Contractor at True Movement	Teacher Training Coordinator	Edmonton, Alberta, Canada	January 2018	Present

**ITEM 3  
LITIGATION**

On September 19, 2023, 2436173 Alberta Ltd. (the “Owner”) commenced an action in the Court of King’s Bench Alberta Court File No. 2303 17018 against 2473361 Alberta Ltd., a former True Movement licensee, for among other things, non-payment of monthly licensing fees and equipment lease payments following the Owner’s termination of the license agreement with 2473361 Alberta Ltd. for default.

The litigation alleges that 2473361 Alberta Ltd. had failed to operate its True Movement® licensed business in compliance with the license agreement and failed to make payments due to the Owner under the license agreement and under an equipment lease equipment.

The defendant has filed a counterclaim against the Owner seeking damages for negligent misrepresentation, breach of contract, breach of the duty of good faith and fair dealing (under Section 7 of the Franchises Act (Alberta), failure to provide a disclosure document pursuant to the Franchises Act and unjust enrichment arising from the defendant’s establishment and brief operation of a True Movement® licensed business. The Owner denies the allegations made in the counterclaim or that

2473361 Alberta Ltd. has suffered damages.

The equipment leased to 2473361 Alberta Ltd. has since been returned to the Owner and the Owner understands that 2473361 Alberta Ltd. has sublet the premises from which it operated its True Movement® licensed business to a third party. The parties exchanged affidavits of documents in December 2023 and the case is dormant with no further steps taken to advance the claim or the counterclaim.

#### **ITEM 4** **BANKRUPTCY**

No person previously identified in Items 1 or 2 of this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or any foreign equivalent required to be disclosed in this Item.

#### **ITEM 5** **INITIAL FEES**

##### ***Deposit***

A deposit in the amount of Ten Thousand Dollars (\$10,000) plus applicable taxes (the “Deposit”) is payable to us concurrent with the execution and delivery by you of our Confidentiality and Deposit Agreement. The Deposit is applied toward payment of the initial franchise fee payable under the Franchise Agreement. If a Franchise Agreement is not entered into within 30 days of execution of the Confidentiality and Deposit Agreement, the Deposit, less our reasonable out-of-pocket expenses, is refundable to you upon return to us of all confidential materials provided to you.

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

An initial franchise fee of Fifty Thousand Dollars (\$50,000) is payable by you to us concurrent with the execution and delivery of the Franchise Agreement (the “Initial Franchise Fee”). The Initial Franchise Fee is deemed fully earned by us upon payment. If, within nine (9) months of signing the Franchise Agreement, a suitable location for the Franchised Business has not been found or a lease has not been signed by you, then until you have entered into a lease in accordance with the provisions of the Franchise Agreement, we may terminate the Franchise Agreement by giving you not less than twenty (20) days’ notice of termination. If notice of termination is given, then unless you have entered into a lease prior to expiry of the notice period, the Franchise Agreement will terminate. Upon termination, each of us will deliver to the other such releases and other documents as may be required to fully rescind all agreements between us and we will refund to you the Initial Franchise Fee less the sum of Fifteen Thousand Dollars (\$15,000) to reimburse us for costs and expenses incurred and for the opportunity lost as a result of the termination. The Initial Franchise Fee is not otherwise refundable.

**ITEM 6**  
**OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Notes</b>
Royalty	Seven percent (7%) of Gross Revenue	Monthly	See Note 1
Special Assistance Fee	Actual time expended (currently at a rate of \$250/hour) and actual expenses incurred	As incurred	Payable if you require special assistance beyond the scope of the assistance we must provide under the Franchise Agreement.
Renewal Fee	25% of the then current Initial Franchise Fee	Concurrently with the renewal of the franchise	
Transfer Review Fee	\$2,500	Payable upon submission for approval of proposed transfer	See Note 2
Transfer Fee	An amount equal to fifty percent (50%) of the then-current initial franchise fee for the franchise area	Concurrently with the Transfer of the franchise	
Audit Fee	Cost of audit plus interest on unpaid amounts at a rate the Prime Bank Rate plus 4% per annum	As incurred	See Note 3
Advertising Fee	2% of Gross Revenue	Paid concurrently with payment of the Royalty Fee	See Note 4

Type of Fee	Amount	Due Date	Notes
Interest/Late Charges	24% per annum (or the maximum amount permitted by applicable law), payable monthly on the first day of each month, not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the same rate	On demand	Payable on any amount owing to the Franchisor not paid when due
Failure to Comply	Reimbursement of the costs and expenses incurred by us to enforce your compliance with, or arising from your default under, the Franchise Agreement	On demand	

Type of Fee	Amount	Due Date	Notes
Indemnity	The amount of our losses	On demand	You and the Guarantors will jointly and severally indemnify and hold us and our affiliates, and our respective officers, directors, and shareholders harmless from losses arising from a breach of the Franchise Agreement or the operation of the Franchised Business

**Notes**

1. “Gross Revenue” means the entire amount of the actual sales price, whether for cash, credit or otherwise, of all sales of goods and services from the Franchised Business and all other receipts whatsoever from all business conducted at or originating from the True Movement® Studio or the Franchised Business, the proceeds from any business interruption insurance received with respect to the Franchised Business and the value of any goods or services provided by the franchisee at less than normal prices. There will be no deductions allowed for uncollected or uncollectible credit accounts and no allowances will be made for bad debts. Each charge or sale upon instalment or credit will be treated as a sale for the full price in the week during which such charge or sale is made, regardless of when you receive payment. Gross Revenue will not include any amounts collected by you for any duly constituted governmental authority and paid out by you to such authority on account of applicable taxes and the face amount of any promotional coupon or gift certificate issued in connection with a System promotion by us and which is received or credited by you in full or partial satisfaction of the cost of any goods or services sold by the Franchised Business.
2. The transfer review fee will be credited against the Transfer Fee.
3. This fee becomes payable if an audit is made necessary by your failure to furnish reports, financial statements or returns or if your records were insufficient to permit a determination of

Gross Revenue or if inspection or audit discloses an understatement of Gross Revenue by two percent (2%) or more of Gross Revenue.

4. This fee becomes payable upon notice from us to you that there are a sufficient number of True Movement® Studios for us to conduct advertising and promotion programs. We have the right to increase the Advertising Fee from time to time provided that the Advertising Fee shall not exceed Four Percent (4%) of Gross Revenue.

All amounts set out above are exclusive of applicable taxes and are non-refundable.

We may require that all fees and other amounts payable by you to us be paid by way of pre-authorized automatic transfer.

Unless otherwise indicated, all fees are payable only to us for our account and are uniformly imposed, though we retain the right to negotiate the above-listed fees with individual franchisees under unique circumstances.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$50,000	\$50,000	Wire Transfer	On signing Franchise Agreement	Us
Travel and Living Expenses for Initial Training (See Note 1)	\$1,150	\$6,000	As arranged	As incurred	Airlines, Hotels, Restaurants, Ground Transportation Service Providers
Certified Trainer Training Expenses	\$1,150 per person	\$7,100 per person	As arranged	As incurred	Fees for certification training; wages and compensation payable for attendees of training; travel, accommodation,

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
					and living expenses incurred by Franchisor's trainers during Certification Training
Professional Fees	\$2,000	\$15,000	As arranged	As incurred	Lawyers, Accountants and other Professional Advisors
Construction and Leasehold Improvements (Note 2)	\$50,000	\$500,000	As arranged	As incurred	Architects, Engineers, Contractors and Suppliers
Governmental Permits and Licenses (Note 3)	\$1,000	\$10,000	As arranged	As incurred	State and Municipal Governments
Equipment and Furnishings (other than the True Movement Platform®) (Note 4)	\$15,100	\$80,100	As arranged	As incurred	Us and suppliers
True Movement Platforms® (Note 5)	\$144,000	\$168,000	Wire transfer	As incurred	Us
Initial Supplies and Inventory	\$5,000	\$15,000	As arranged	As incurred	Us
Premises rental and deposit (Note 6)	\$5,000	\$25,000	As arranged	Monthly	Landlord
Utility deposits (Note 7)	\$1,000	\$2,500	As arranged	As incurred	Suppliers

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
Grand Opening Advertising (Note 8)	\$15,000	\$30,000	As arranged	As incurred	Suppliers
Local Advertising (Note 9)	\$2,000	\$2,000	As arranged	As incurred	Advertising sources, suppliers
POS Terminal Rental	\$250	\$1,500	As arranged	As incurred	Supplier
Additional Funds (3 months) (Note 10)	\$25,000	\$75,000	As arranged	As incurred	Employees, Suppliers, Utilities etc.
Insurance	\$2,000	\$10,000	As arranged	Monthly	Insurer
Recovery Services (Note 11)	\$17,000	\$59,000	As arranged	At incurred	Suppliers
<b>TOTAL</b>	<b>\$334,650</b>	<b>\$1,056,200</b>			

All amounts described above are non-refundable and are exclusive of applicable taxes.

#### Notes

1. The cost of the initial training is included in the Initial Franchise Fee. However, you are responsible for the travel and living expenses incurred by the Guarantors and any of your employees attending training. The estimates provided here are per person.
2. You are responsible to undertake, at your cost and expense, the construction of all leasehold improvements required at the Premises, the installation at the Premises of all Equipment and Furnishings required for the operation of the Franchised Business. The estimated cost includes architectural drawings and building permits.
3. The high figure listed for governmental permits and licenses includes the cost of zoning permits.
4. The equipment figure encompasses all equipment necessary to begin operations of the studio as specified in our Manual, other than the True Movement Platforms, and includes all office equipment, computer hardware, computer or iPad software, highspeed internet, and an iPad from which you will stream music.

5. At all times you are required to have 12 True Movement Platforms® available for training at the Franchised Business. The cost listed for the True Movement Platforms® does not include any tariffs, duties, or taxes that the United States may impose for the shipment of goods from Canada to the United States. Such tariffs or trade-related taxes may increase the price of a True Movement Platform®. You will bear sole responsibility for any increased costs directly related such tariffs, which may be imposed by U.S. federal agencies or custom brokers upon shipping.
6. This includes payment of up to two (2) months' rent, paid at the time of execution of the lease, one (1) month's rent generally held by the landlord as a security deposit to the end of the term of the lease. There may be an additional amount payable to the landlord to reimburse it for costs and expenses incurred in connection with its consent to a sublease of the premises, if required.
7. Deposits include security deposits for power, gas and telephone installation and other utilities.
8. You are required to spend not less than \$15,000 to conduct a grand opening promotional campaign and hold grand opening activities for the Franchised Business. You must retain our designated sales and business consultant, who will advise and assist you with the grand opening and promotional campaign
9. You must expend on local advertising and promotion in the Territory not less than Two Thousand Dollars (\$2,000) each month during the Term and must provide to us from time to time, upon request, reasonable evidence of such expenditures. All advertising and promotion conducted by you must comply with the policies and procedures for such advertising and promotion as set out in the Manual from time to time, must be completely factual and must conform to the highest standards of ethical advertising.
10. We estimate the start-up phase of the Franchised Business to be three (3) months from the date you open your business. "Additional Funds" is an estimate of the funds needed to cover business expenses during the start-up phase of the Franchised Business, such as payroll, taxes, loan payments and other operating expenses. This estimate is based upon our Canadian affiliate's experience operating a True Movement® Studio. This category does not include royalties, or other fees you pay to us, nor does it include your salary or living expenses. This does not mean that the Franchised Business will necessarily reach "breakeven" by the end of the start-up phase. You may require more than this estimated amount to finance operations until a positive cash flow is produced.
11. We do not presently require you to purchase items for recovery services such as red-light therapy lamps or infrared saunas, but we may do so in the future. We may require you to purchase these items from our preferred suppliers. If we require you to purchase any of these items, we will provide you written notice of our preferred suppliers.

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

To ensure a uniform image and uniform quality of products and services throughout the System, you must comply with the specifications, standards and operating procedures prescribed from time to time by us in our Manual or otherwise communicated to you in writing for the System and the operation of the Franchised Business.

We may add to, or otherwise modify, the specifications, standards and operating procedures provided to you from time to time, to reflect changes in, and the standards and qualities of, authorized products and services, or the operation of the Franchised Business. You must implement and adopt any such modifications at your own cost.

We require you to use our approved and designated manufacturers and suppliers. We will provide you with a list of approved manufacturers and suppliers (“Approved Suppliers”) and approved equipment, products and supplies and other items or services necessary to operate the Franchised Business (“Approved Equipment and Supplies”). The Approved Equipment and Supplies list may specify the specific supplier of a specific piece of equipment, product, supply or service. We or an affiliate may be the only approved supplier for certain equipment, products, supplies, or services. We may revise the Approved Suppliers list and the Approved Equipment and Supplies list from time to time. We provide you with the approved lists when and as we deem advisable.

Our affiliate will derive revenue from your purchase of the True Movement Platform®. We and our affiliates do not currently derive revenue or other material consideration from any other required purchases or leases by franchisees.

You must obtain the insurance coverage required by the franchise agreement and the Manual from a carrier with a rating of at least A-. The required coverage currently includes:

Builder’s risk insurance if you are building a True Movement® studio as opposed to renovating or remodeling a leased space;

Comprehensive General Liability, in the minimum amounts of \$2,000,000 per occurrence and \$3,000,000 in the aggregate;

Premises liability including coverage required by the terms of any lease or lender;

Bodily injury, professional liability, products and completed operations, personal and advertising liability, sexual misconduct/abuse liability;

Cyber Liability in the minimum amount of \$1,000,000 per occurrence, including data breach, privacy breach, and cybercrime;

Property Insurance including full replacement cost for Tenant Improvements, Business Personal Property, and Business Income/Extra Expense to cover operations of a 12 month period.

We must be named as an additional insured in all such policies.

Prior to the opening of the Franchised Business and at least thirty (30) days prior to the expiration of any such policy or policies, you must deliver to us certificates of insurance evidencing the required insurance coverage. All certificates must contain endorsements requiring the insurance company to give us at least thirty (30) days prior written notice in the event of material alteration to, termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within thirty (30) days after the filing of such claim.

In the event you wish to purchase any unapproved product or service or acquire approved products or services from an unapproved supplier, you must first obtain our prior written approval. We are not required to approve any particular supplier. We do not use any fixed process for granting or revoking approval of designated suppliers. Instead, we evaluate suppliers on a variety of criteria, including the quality of their products or services, price, responsiveness, ability to service the System as a whole, reputation, timeliness, and experience, scalability and alignment with our purpose and core values among others. If we create any specific policies for approving suppliers, we will communicate them to franchisees. We will consider in good faith and in a reasonable time any supplier that you would like to propose who is capable of providing goods or services meeting our requested specifications. If our evaluation of your proposed supplier would require us to incur costs (such as to examine a sample of that supplier's products), we will ask you to pay such costs to such supplier. We will make a reasonable effort to approve or disapprove any proposed supplier within 30 days. If approval of a supplier is later revoked, we will notify you by email or such other method we determine at our discretion.

None of our owners owns an interest in any of our suppliers, except our affiliate 2436173 Alberta Ltd. which sells the True Movement Platform®.

We do not currently receive volume rebates, commissions, bonuses, or other concessions in respect of goods supplied to you from any supplier designated or approved by us. However, we reserve the right to receive any such volume rebates, commissions, bonuses, or other concessions and to retain them, without accountability to you, and without sharing any such volume rebates, commissions, bonuses or other concessions with our franchisees either directly or indirectly. Such rebates may come to us in the form of a percentage of a purchase price or a flat amount.

We or our affiliates may derive revenue and earn a profit from the sale of goods and services to you and or other licensees. In fiscal year 2024, we derived \$0 in revenue from franchisee purchases or leases of products or services from us, which represents 0% of our total revenue for 2024 of \$0.

You must pay the then-current price to our approved and designated manufacturers and suppliers. In some instances, the cost of using these manufacturers and suppliers may be higher than the cost of other similar supplies and products on the market. In some cases, we negotiate prices for products for the benefit of the True Movement® franchise system, but not on behalf of individual franchisees. There are no purchasing or distribution cooperatives. We do not provide material benefits to you because of your use of the approved and designated manufacturers and suppliers.

We estimate that your purchases from the Approved Suppliers will represent approximately 60% to

75% of your total purchases and leases in establishing the Franchised Business and 5% to 10% in continuing its operation.

**ITEM 9**  
**FRANCHISEE’S OBLIGATIONS**

**THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS IN THIS DISCLOSURE DOCUMENT.**

<b>OBLIGATION</b>	<b>SECTIONS IN FRANCHISE AGREEMENT</b>	<b>ITEMS IN DISCLOSURE DOCUMENT</b>
a. Site Selection and acquisition/lease	3.01	Item 7
b. Pre-opening Purchases/ Leases	3.01; 3.03; 5.01; 5.04; 5.05; 8.03; 8.04; 8.05; 8.08; 8.13	Items 5, 6, 7, 10, 11
c. Initial and On-going Training	7.01; 7.02; 7.04; 7.05; 8.13	Items 7; 11
d. Fees	Article 5; 5.01; 5.02; 5.03; 5.04; 5.06; 7.05; 7.08; 8.13; 9.02	Items 5; 6; 7; 11; Exhibit A
e. Compliance with standards and policies/ Manual	2.05; 3.03; 3.05; 3.06; 6.01; 6.02; 7.07; 8.01; 8.02; 8.03; 8.06	Item 7, 8, 11, 14
f. Trademarks and Proprietary Information	1.01(h); 2.01; 2.03; Article 4; 4.01; 4.02; 4.03; 4.04; 4.05; 4.06; 7.07; 10.01; 10.03; 11.01; Schedule B	Items 1; 13, 14; Exhibit A, Schedule B
g. Restrictions on Products and services offered	2.01; 2.04; 3.05; 7.04; 7.07; 8.08; 8.09	Items 8, 11, 16
h. Warranty and Customer Service	12.00	Item 11

<b>OBLIGATION</b>	<b>SECTIONS IN FRANCHISE AGREEMENT</b>	<b>ITEMS IN DISCLOSURE DOCUMENT</b>
i. Territorial Development and sales quotas	1.01(m); 2.02; 2.03; 8.13; Schedule A	Item 12
j. Ongoing product/ service purchases	3.03(b); 5.05; 5.06; 8.03; 8.04; 8.05; 8.13	Items 6, 7, 8, 11
k. Insurance	3.03(b); 8.04	Items 7, 8
l. Advertising	5.03; 5.04; 7.08; 8.13	Items 6, 7, 11
m. Indemnification	14.02	Items 6, 8, 13
n. Owners participation/ management/ staffing	7.01; 8.02; 8.12;	Item 15
o. Records and Reports	Article 6; 6.01; 6.02; 6.03; 8.03; 8.04	Items 6, 11
p. Inspections and Audits	3.03(c); 6.03; 8.07	Item 6
q. Transfer	9.02; 10.04; 13.04	Items 6, 17
r. Renewal	2.04; 12.00; Schedule D	Items 6, 17
s. Post Termination obligations	10.03; 10.04; 11.03	Item 17
t. Non-competition Covenants	11.02; 11.03	Item 17
u. Dispute Resolution	Article 13; 15.01; 15.02; 15.03; 15.04; 15.05; 15.06	Items 6, 17
v. Taxes	1.08; 14.12; Schedule D	N/A
w. Guarantee	Article 12	N/A

**ITEM 10**  
**FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligation.

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

**EXCEPT AS LISTED BELOW, WE ARE NOT REQUIRED TO PROVIDE YOU WITH ANY ASSISTANCE.**

***Pre-opening Assistance***

Before you open the Franchised Business, we will:

1. **Initial Business Operations Training.** Provide Initial Training for the Guarantors and the studio manager in all aspects of the System and operation of the Franchised Business (Franchise Agreement §7.01). We describe our initial business operations training program more fully below.
2. **True Movement Method® Certification Training.** We will provide True Movement Method® Level 1 certification training to up to two Guarantor(s), your studio manager, and up to three additional trainers initially employed or retained by you, prior to opening (Franchisor Agreement §7.01 and 7.02). We describe our True Movement Method® certification training more fully below.
3. **Opening Assistance.** As part of our initial business operations training program, we will provide you such advice and guidance in connection with the establishment of the Franchised Business. (Franchise Agreement §7.03)
4. **Proprietary Manual.** We will provide you with access to the Manual. (Franchise Agreement §7.07)
5. **Pre-Opening Approval.** We must provide prior written approval before the Franchised Business opens and such approval may involve a pre-opening inspection.

***Time for Opening***

We estimate that the typical length of time between the date you sign the Franchise Agreement and the opening of the Franchised Business is approximately 6 to 9 months. Some factors which may affect this timing are: your ability to locate an acceptable franchised location; the time to acquire your franchised location through lease negotiations; your ability to secure any necessary financing; your ability to comply with local zoning, building permits and other state and local requirements; the availability of you and your employees to attend training; the timing of the delivery and installation of leasehold improvements, equipment and inventory; the time to convert, renovate or build-out your franchised location; and the timing of your meeting all of our pre-opening standards.

***Ongoing Assistance***

During the operation of the Franchised Business, we will:

1. **Opening Assistance.** As part of our initial training program, we will provide on-site assistance for five (5) business days during the opening period of the Franchised Business. (Franchise Agreement §7.03)

2. **Continuing Assistance.** We will also furnish to you such continuing advice and guidance as is from time to time reasonably required by you in connection with the operation of the Franchised Business. Such guidance will include: teaching methods, our specifications and standards, and management and operating procedures used by the Franchised Business; approved equipment, products, materials and supplies, fixtures, furnishings and signs; developing and implementing local advertising and promotional programs, and pricing. We will provide this guidance through our confidential manual, which may be communicated through the Internet, secure web portal, intranet system, email, letter correspondence, webinars, bulletins, video or written materials, reports and recommendations, refresher training programs and/or telephonic consultations at our offices, through technological means, or at the Franchised Business. (Franchise Agreement §7.04)

3. **True Movement Method® Certification Training.** We will provide training in the True Movement Method® to each person employed or retained by you after opening that provides customer assessments or training to customers. (Franchisor Agreement §7.02)

4. **Additional Training, Seminars and Conferences.** We may make additional training programs, seminars and conferences available to the Guarantors and your employees at such times and places and for such fees we reasonably determine. At least one of your Guarantors and your designated manager must attend our annual conference. (Franchise Agreement §7.05) We describe our additional training, seminars, and conferences more fully below.

5. **Special Assistance.** If you require assistance to aid with specific problems which are beyond the scope of our obligations under Section 7.03 of the Franchise Agreement (see 2. above), we may provide you such additional assistance for a fee. (Franchise Agreement §7.06)

## ***Advertising***

### **Advertising Programs**

If we determine that a sufficient number of True Movement® Studios exist, we will collect and use the Advertising Fees payable to us to formulate, develop and conduct advertising and promotional programs (the “Advertising Programs”) for the System. The Advertising Programs may include, without limitation, maintenance and updating of the True Movement® website and other brand level online platforms and social media accounts, design costs for advertising copy, business cards, in-store signage and public relations and promotional campaigns. True Movement® Studios owned by us or our affiliates in the United States (“Corporate Locations”) will pay Advertising Fees in the same amount as you.

All costs (including reasonable administrative costs and overhead incurred by us in connection with the Advertising Programs) will be paid from Advertising Fees received by us from franchisees and corporate outlets, including you.

The Advertising Programs are intended to maximize general public recognition and acceptance of

True Movement® Studios for the benefit of all franchisees and Corporate Locations in the System and we undertake no obligation to ensure that any particular franchisee, including you, benefits directly or pro rata from the placement or conduct of the Advertising Programs.

All decisions from time to time respecting the development and conduct of the Advertising Programs, the scope of advertising to be carried on and the selection of the media and advertising content will be within our sole discretion.

There is no advertising council composed of franchisees that advises us on advertising policies. Except for payment of the Advertising Fee, you are not required to participate in any other advertising fund. If not all of the Advertising Fees are spent in the fiscal year in which they accrue, we will carry the remaining amount forward to cover the cost of Advertising Programs in the following year. Upon request, you will receive an annual accounting of how Advertising Fees are spent. We do not currently use any of the Advertising Fees principally to solicit new franchise sales, but we may do so in the future.

#### Local Advertising and Promotion by Franchisee

You must use best efforts to promote and increase the demand for the products and services through local advertising and promotion in the franchise area. You must expend on local advertising and promotion in the Territory not less than Two Thousand Dollars (\$2,000) each month during the Term on such local advertising and promotion in the franchise area. We have the option to manage all or a portion of your local advertising and promotion obligation by establishing and managing accounts on your behalf for Google Ads and Meta Ads and any future or successor advertising platform. You will be responsible for the costs and expenses of such accounts which will be allocated on a monthly basis to your advertising expenditure obligation as noted above. All advertising and promotion by you must be completely factual, comply with the brand guidelines set out in the Manual from time to time and conform to the highest standards of ethical advertising. You must submit any proposed advertisement or promotional material which contains the Marks to us for our approval prior to its use. You will provide us, upon request, reasonable evidence of such advertising and promotion. (Franchise Agreement §8.13)

You are not currently required to participate in any local or regional advertising cooperative. However, we may implement them in the future, and you will be required to participate and make expenditures as specified by us. (Franchise Agreement §7.07)

You will not, without our express written consent establish or maintain a separate website on the internet or have any other internet or social media presence in connection with the Franchised Business or otherwise maintain a presence or advertise on the internet or any other public computer network in connection with the Franchised Business. (Franchise Agreement §8.13)

#### ***Information Technology (IT) Systems***

Each studio is required to maintain a sound system with speakers, an amplifier and a mixer, high-speed access to the internet, an iPad and a Mac computer (laptop or desktop) and printer. We do not specify the model of Mac computer equipment that you must purchase, but it should be of good quality and suitable for business operations. The computer will run membership and booking software, a

point-of-sale system, bookkeeping and accounting systems, customer loyalty and gift card programs, communications software (e-mail or otherwise), and any other software that we specify for the operation and management of the Franchised Business. We estimate the initial cost of this equipment to be approximately \$5,500.00.

The software required for opening and operating a True Movement® Studio includes: Soundtrack (music provider), Walla (booking software), QuickBooks (accounting software) Microsoft e-mail with 2 email addresses and OneDrive, and, a Canva (clip art) subscription. You must also subscribe to our designated or approved music streaming service from Soundtrack and to play the Franchisor's designated playlist at the Franchised Business. You will use the required iPad to stream the designated playlist. We estimate the monthly cost of this subscription software to be approximately \$1,000. We reserve the right to change the software requirements at any time and will provide you notice in writing of any changes.

We, our affiliates, and third parties are not obligated to provide you with ongoing maintenance, repairs, upgrades or updates to your sound system, iPad, or Mac computer. You must upgrade or update your sound system, iPad and Mac computer as required by us during the term of the Franchise Agreement. There are no contractual limitations on the frequency and cost of your obligation to upgrade or update these items. There are no annual costs for required maintenance, updating, upgrading and support contracts. However, you may need to replace these items if they break, are lost or stolen or if required by us.

We will have independent access to the information stored on your computer. This information will include data regarding your customers, employees and operations. There are no contractual limitations on our right to access this information.

### ***Manual***

The table of contents for the Manual is attached as Exhibit H. The total number of pages in the Manual is 62. The master copy of the Manual and such other specifications, standards and operating procedures communicated in writing to you maintained by us will govern any dispute between the parties regarding standards and operating procedures provided to you from time to time.

*Training*

**INITIAL BUSINESS OPERATIONS TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Pre-Training Homework, including review of materials discussing the brand, daily studio operations, hiring and team development, pre-sales process, marketing strategy, community launch, financial readiness, and key performance indicators (KPIs), technology tools, and management skills	20-25	0	Your home or location of your choice
Lectures on the brand, daily studio operations, hiring and team development, pre-sales process, marketing strategy, community launch, financial readiness, and key performance indicators (KPIs), technology tools, and management skills	30	0	True Movement® headquarters in Edmonton, Alberta
Class shadowing and client personalization in teaching of the True Movement Method®	0	8	True Movement® headquarters in Edmonton, Alberta
Home Study: Software set up and familiarization with programs; review of classroom teaching materials and instructional manuals	10-15	0	Your home or location of your choice
<b>Total:</b>	<b>60-70</b>	<b>8</b>	

The initial business operations training is offered as needed, but not less than twice a year.

Instructional operations materials that we provide include our confidential manual, Power Point or slide presentations, videos, and handouts. The curriculum includes business operations strategy, leadership, recruiting, marketing, retail, sales and studio environment. You will be required to complete tasks and study your training materials for the period between signing your Franchise Agreement and opening the studio.

True Movement® founder Erin Baker oversees the initial business operations training and provides ongoing support and training guidance for every franchise owner in the System. Ms. Baker has a business degree in management from Athabasca University and a marketing diploma from Red Deer Polytechnic. Ms. Baker has worked in the fitness and physical rehabilitation industry for more than 25 years. In 2009, Ms. Baker opened her first True Movement exercise and wellness studio, and she has trained others on the True Movement® equipment since 2020. Since creating the True Movement® method, Ms. Baker has trained more than 150 professional or semi-professional athletes.

Other instructors for the training will include our employees who have operated and run exercise studios across the globe. All True Movement® employees leading the initial business operations training have had experience in at least one specific aspect of studio operations. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities regarding training.

There is no fee payable for the initial business operations training program. However, you are responsible for all travel, living expenses and wages or other compensation payable to the Guarantors or the employee designated as your Studio Manager during their attendance at training.

The initial business operations training program is mandatory and must be completed to our satisfaction by at least one Guarantor and your Studio Manager prior to your opening of the Franchised Business. If a Guarantor fails to satisfactorily complete the initial business operations training program, we may terminate the Franchise Agreement.

## TRUE MOVEMENT METHOD® CERTIFICATION TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
True Movement Method®	0	24	Franchised Business or True Movement® headquarters in Edmonton, Alberta
Study and reading of materials on the True Movement Method®	16-20	0	Your home or location of your choice
Instruction of free class to volunteers	0	3	Franchised Business or another True Movement® Studio near the Franchised Business
<b>Total:</b>	<b>16-20</b>	<b>27</b>	

There are five levels of certification in the True Movement Method®. Instructional materials for the Level 1 Certification Training consist of materials provided to you during the training sessions such as a written manual with a breakdown of each Level 1 exercise detailed step-by-step. Those entering the certification training have access to a video library of all True Movement Level 1 exercises and in this library each exercise is explained in detail for trainers to review at their own pace. During the training there exists an on-line dashboard classroom in which additional resources and assignments, are available. The dashboard also contains videos on True Movement® Platform safety, teaching tips, and True Movement® classes for observational requirements. All assignments and exams provided in the dashboard classroom have clear due dates and instructions. All topics covered in written assignments are discussed during the in-person certification training workshop. Written assignments are short answer or multiple choice and open book. Those undergoing Level 1 certification training must also complete an anatomy module and exam within two months of completing the in-person, four-day course.

Materials for Levels 2 through 5 certification or continuing education training (see details below) will be provided prior to commencement of the classes.

Each person employed or retained by you as a trainer to provide assessments and True Movement Method® instruction at the Franchised Business will attend and satisfactorily complete our Level 1 Certification Training. Prior to opening, you must have a minimum of three employees successfully complete the Level 1 Certification Training. This means you must have your Studio Manager, if they

are training clients, and two trainers complete the Level 1 Certification Training, or three trainers complete the Certification Training, if your Studio Manager is not training clients.

Levels 2 through 5 build upon the curriculum offered in Level 1 by teaching additional postures and movements with increasing difficulty in mobility, flexibility, and strength. Trainers must proceed with each level chronologically, successfully completing a level before moving onto the next. Employing Level 2 through 5 certified trainers is not immediately required for a Franchised Business, but these higher level certifications provide the Franchised Business with the opportunity to provide more advanced movement instruction to clients.

Trainers must maintain continuing education certification standards, described below. Within four years of obtaining a new level of certification, a trainer or Studio Manager must advance to the next certification level. For example, in year 1, if your Studio Manager obtains Level 1 certification, by the end of year 4, he or she must have completed Level 2 certification. This requirement exists until trainers or studio managers have obtained Level 5 certification. The training is based demonstrating proficiency at the current level before moving to the next level. For each level the trainer must show proficiency at that level including by teaching classes to volunteer clients and being evaluated on those classes. The potential trainer needs to meet expectations based on a rubric of requirements. If they do not meet those requirements, the potential trainer needs to recomplete the assignment for a fee.

True Movement® founder Erin Baker creates the curriculum for this training, and she provides the direction and supervision of instructors for the True Movement Method® certification training. Ms. Baker's experience as a trainer is set out above. Instructors for the True Movement Method® training sessions will have successfully completed training for the True Movement Method® level that they are teaching.

There is no fee payable for any pre-opening True Movement Method® Level 1 certification training being offered for up to two Guarantors, your Studio Manager, and up to three trainers who will work as instructors. However, you are responsible for all travel, living expenses and wages or other compensation payable to the Guarantors, the Studio Manager and the three trainers during their attendance at training. For additional individuals to obtain the Level 1 certification the cost is \$1,000 per trainer, which includes manual, live or online training, assignments, exams, online dashboard, evaluation, and resources. This fee may be paid directly to us by the prospective trainer, or you may pay us the fee and seek reimbursement from the prospective trainer. After your initial opening if you retain a new Studio Manager who is not already certified in the True Movement Method® that Studio Manager must successfully attend and participate in the Level 1 certification program for a cost of \$1,000, which you will pay to us.

Level 1 Training Certification program is mandatory and must be completed to our satisfaction by your Studio Manager, and at least three instructors, which may include your Studio Manager, prior to opening of the Franchised Business. If your Studio Manager fails to satisfactorily complete the Level 1 True Movement Method® certification training program, we may terminate the Franchise Agreement, and the parties shall deliver mutual releases in form satisfactory to the Franchisor.

The True Movement Method® training will be offered to the Guarantors, your Studio Manager, and your initial trainers employed by you prior to opening. After opening, True Movement Method® Level 1 in-person certification training will be offered as demand requires, with sessions offered at least twice a year. Individuals may also become True Movement Method® trainers through a post-opening apprenticeship program at the Franchised Business. This program is detailed below.

Level 2 through 5 in person certification training will be offered at least once a year, with more frequent sessions offered depending on demand.

State or local laws may also require that you or your trainers obtain certification in CPR or first aid. Such certification training may occur offsite and may require additional fees to be paid by you. You bear responsibility for ensuring that you and your staff meet these requirements and that the training is paid for by you.

For liability purposes, you must clarify in training and on a continual basis with your staff and in marketing to your customers that your employees are employed by or doing business with you and not with us.

**POST-OPENING TRUE MOVEMENT METHOD® ONLINE CERTIFICATION AND APPRENTICESHIP PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Observation of and Attendance in True Movement Method® Classes	0	20	Franchised Business
Virtual observation of True Movement Method® Classes	12	0	Trainer’s location of choice or home
Study and reading of materials on the True Movement Method®	25-30	0	Trainer’s location of choice or home
Instruction of classes alongside a Certified True Movement® Trainer	0	27	Franchised Business
<b>Total:</b>	<b>37-42</b>	<b>47</b>	

The on-line True Movement Method® certification with apprenticeship is a 10-week process for full time trainers hired after your initial opening. Trainers seeking to work on a part-time basis would need longer than 10-weeks to complete the apprenticeship training. This program allows trainers to obtain training and Level 1 certification in the True Movement Method® without travel outside of their home region. This training includes the same Level 1 materials as the in-person Certification Training but allows trainers to apprentice under the support of a certified True Movement® trainer at the Franchised Business with specific rules, steps, and assignments to complete in phases. These apprentices are not certified in the True Movement Method® until all steps are complete and approved by a True Movement Method® training coordinator and you. Apprenticeship trainers are considered your employees, and are paid by you while they observe, attend, assist, or instruct classes.

State or local laws may also require that these trainers obtain certification in CPR or first aid. Such certification training may occur offsite and may require additional fees to be paid by you. You bear responsibility for ensuring that you and your staff meet any such requirements and that the training is paid for by you.

**TRUE MOVEMENT METHOD® CONTINUING EDUCATION TRAINING**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The Job Training</b>	<b>Location</b>
Online module	5	0	On-line from your home or office
Study and reading of True Movement Method® materials	10	0	At your home or office
<b>Total:</b>	<b>15</b>	<b>0</b>	

Each Guarantor, studio manager, and trainer of the True Movement Method® must have 15 hours of True Movement Method® continuing education credits earned every two years. Each online module costs \$250 payable by trainers such as the Studio Manager and your employees to us.

Such continuing education training will be conducted by us from time to time on-line. In the future such training may be offered at certain franchised locations to meet trainer demand. You will pay us the then-current fee for such training, and you will be responsible for all wages and other compensation payable to your attendees attending the continuing education training.

**ADDITIONAL TRAINING**

Each Guarantor, Studio Manager, and trainer will also complete, on an annual basis, such additional training programs and modules as we designate from time to time, which programs and modules may be made available virtually by way of a web-based classroom platform or other online resource. In the future we offer such training at your Franchised Business or at another franchised True Movement® Studio.

We may from time to time make available to the Guarantors and to your employees additional training programs, seminars or conferences at such times and places and for such fees as we reasonably determine. We require that at least one of the Guarantors, or your Studio Manager attend our annual conference when and if one is held. You are responsible for all course fees, travel and living expenses incurred by the Guarantors, Studio Manager and your trainers to attend such courses, seminars or conferences. (Franchise Agreement §7.05)

**ITEM 12  
TERRITORY**

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

we will not establish or grant a franchise for the operation of another True Movement® Franchised Business in the Franchise Area so long as you are not in default under the Franchise Agreement.

The franchise is for a specific location to be described in the Franchise Agreement (the “Franchise Area”). If a specific location has not been identified when you sign the Franchise Agreement, you will have to identify a location within the area specified in the Franchise Agreement within 120 days of the effective date of the Franchise Agreement. If you do not identify a location that is acceptable to us in that time period, either of us may terminate the Franchise Agreement and we will refund \$10,000 of the Initial Franchise Fee.

With the Franchise Area you are granted a protected territory as set out on a map in Schedule “A” of the Franchise Agreement, subject to certain exceptions described in the Franchise Agreement. The boundaries of the protected territory will be determined based on several factors, which may vary from one location to the next. These factors include population, residential and business density, residential and business growth, median-household income, traffic patterns, driving time, natural boundaries and, other market components.

You may operate the Franchised Business from any location in the Franchise Area, and you may relocate during the term of the Franchise Agreement (except that you must relocate to a place that is in the Franchise Area), but your Franchise Area will not change. You will not have an option, right of first refusal or similar right to acquire additional Franchised Businesses.

There are no restrictions on you from soliciting or accepting customers at your location inside the Franchise Area. We reserve the right to use other channels of distribution to make sales in the Franchise Area under our principal Marks or under different Marks, including the sale of the True Movement Platform® to individuals, sports teams, sports facilities and others located in the Franchise Area by us or our affiliate. We and our affiliate do not have to pay you any compensation for soliciting or accepting orders from inside the Franchise Area. For example, we may sell a True Movement Platform® to a sports facility based in your Franchise Area without compensating you.

You may accept customers who reside outside of the Franchise Area. You may not, without our consent, offer True Movement® services outside of the Franchise Area.

We and our affiliates do not operate or franchise, or have plans to operate or franchise, a business under a different trademark that offers services that are similar to those to be offered by the Franchised Business, but we may do so in the future.

We may establish and operate and grant to others the right to establish and operate a True Movement® Studio business or any other business using the Marks, the System or any variation of the Marks and the System, in any location outside the Franchise Area, on such terms and conditions that we deem appropriate. Your Franchise Area may abut the franchise area of another True Movement® Studio business. We may engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Franchise Agreement or as expressly permitted under the Franchise Agreement.

**ITEM 13**  
**TRADEMARKS**

The following service marks are owned by 1411475 Alberta Ltd. and 2436173 Alberta Ltd., and are registered on the Principal Register of the U.S. Patent and Trademark Office:

<b>Mark</b>	<b>Application/Registration No.</b>	<b>Registration Date</b>
True Movement Platform (See Note 1)	97386307	Sept. 12, 2023
True Movement Method (See Note 1)	97386339	Sept. 12, 2023
True Movement (See Note 1)	97386281	Sept. 12, 2023
True Movement Virtual (See Note 2)	98556686	May 17, 2024 (pending)

Notes

- 1) Our affiliate 1411475 Alberta Ltd. owns the U.S. trademarks for True Movement®; True Movement Method®; and, True Movement Platform®.
- 2) Our affiliate 2436173 Alberta Ltd. owns the U.S. trademark for True Movement Virtual®.

Our affiliates, 2436173 Alberta Ltd. and 1411475 Alberta Ltd. have filed all required affidavits.

There are currently no effective determinations of the United States Patent & Trademark Office, the Trademark Trial and Appeal Board, any state trademark administrator or court, or any pending infringement, opposition or cancellation proceeding with respect to the Marks. We have never sought to prevent registration of any mark to protect one of the Marks.

There is no pending material federal or state court litigation regarding our use or ownership rights in the Marks.

Our affiliates, 2436173 Alberta Ltd. and 1411475 Alberta Ltd., have licensed to us the right to use the Marks and to sublicense use of the Marks for the operation True Movement® Franchised Businesses in the United States under a license agreement effective as of June 25, 2025. We, and you as our sublicensee, are required to use the Marks in accordance with the license agreement. The requirements for your use of the Marks are set out in the Franchise Agreement. The license agreement provides for unlimited, automatic renewals. 2436173 Alberta Ltd. and 1411475 Alberta Ltd. may terminate the license agreement (except for our right to sublicense the Marks to existing franchisees) if, among other things, a franchisee misuses the Marks in a way that will materially impair the goodwill associated

with the Marks or if we are dissolved, become insolvent, or we assign our rights under the license agreement without the consent of 2436173 Alberta Ltd. or 1411475 Alberta Ltd. The license agreement contains no other limitations. Except for the license agreement, there are currently no agreements in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise offered under this disclosure document.

We are not required to protect your right to use the Marks or protect you against claims of infringement or unfair competition arising from your use of the Marks. You must immediately notify us of any infringement of or challenge to your use of the Marks. We may take such action as we deem appropriate. We have the right to control any administrative proceedings or litigation involving the Marks. The Franchise Agreement does not require us to participate in your defense of any proceeding arising out of your use of the Marks. If we decide that you must modify or discontinue the use of any of the Marks or use one or more additional or substitute trade names, trademarks or service marks, you will do so at your expense.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks.

**ITEM 14**  
**PATENTS, COPYRIGHTS, PROPRIETARY INFORMATION**

<b>DESCRIPTION</b>	<b>TITLE</b>	<b>DATE APPLIED</b>	<b>SERIAL NO./SEQUENCE</b>	<b>APPLICATION NUMBER</b>
True Movement® (Design and Utility Application)	Multifunctional Physical Development Apparatus	May 31, 2022	63/347,220 (provisional)	No. 98/556,686 (Note 1)

Note 1: Our affiliate, 2436173 Alberta Ltd., has a pending U.S. National Patent Phase Application, which is based on its PCT International Application No. PCT/IB2023/000336. The patent has not yet been approved by the USPTO. If approved, True Movement® anticipates that future sales and/or franchisee use of the True Movement Platform® will be affected by this patent, which details how the True Movement Platform® is to be used by franchisees and individuals being trained on the True Movement Platform®.

***Patented-Pending Devices and Methods***

During the term of this Agreement, you may receive, through purchase or otherwise, certain devices or methods subject to patents owned by our affiliate, 2436173 Alberta Ltd. To the extent that any such devices or methods are subject to registered patents, either by the USPTO, WIPO, or any other such entity, 2436173 Alberta Ltd. has expressly granted True Movement Franchising, Inc., a license to sell, use, sub-license, or market the device and/or methods. You are only permitted to use the patented equipment and patented methodology as detailed in our Manual and through our True Movement® training.

There are no current determinations, proceedings or litigation involving any of our patent-pending devices or methods. There are no agreements limiting the use of the patents for 2436173 Alberta Ltd. We know of no infringement that could materially affect the franchise.

Should you become aware that any unauthorized third party is using any of our patent-pending devices or methods, we request that you notify us of such unauthorized use.

You will not have any rights, including rights to compensation, under the Franchise Agreement if we require you to modify or discontinue using the subject matter covered by the pending patents. If a third party sues claiming that you are infringing the patent rights of the third party with the True Method Platform®, you must inform us immediately.

We are not required by any agreement to protect or defend our patent applications. We are not aware of any infringing uses of any patent-pending devices or methods that could materially affect our use of these materials. At our discretion we may amend the pending patents for devices or methods of use, and we may require that you cease using outdated patented machines or methods of use.

### ***No Implied License to the Patent***

You acknowledge that the rights and licenses granted in this Franchise Agreement are limited to the scope expressly granted. Except for the rights expressly granted under this Franchise Agreement, no right, title, or interest of any nature whatsoever is granted whether by implication, estoppel, reliance, or otherwise, by True Movement Franchising, Inc. to you. All rights with respect to any know-how, patent or other intellectual property right rights that are not specifically granted herein are reserved to the Franchisor. We have no obligation to protect the patent, patent application or to defend you against any claims arising out of the use of the items that are subject to the pending patent applications.

### ***Franchisor's Copyrights***

We hold no copyrights and do not license any copyrights, except our affiliate, 2436173 Alberta Ltd. claims common law copyright protection for advertising and promotional materials, and materials in the Manual that are used as part of the System.

There are no current determinations of the United States Copyright Office or a court regarding the copyrights.

Our affiliate, 2436173 Alberta Ltd. , has licensed us the right to use the subject matter covered by the copyrights, including advertising and promotional materials, proprietary software, and materials, including the Manual, and to sublicense its use for the operation of True Movement® Franchised Businesses in the United States under a license agreement effective as of June 25, 2025. We, and you as our sublicensee, are required to use the subject matter covered by the copyrights in accordance with the license agreement. The requirements for your use of the subject matter of the copyrights are set out in the Franchise Agreement. The license agreement provides for unlimited, automatic renewals. 2436173 Alberta Ltd may terminate the license agreement if, among other things, a franchisee misuses the subject matter covered by the copyrights in a way that will materially impair the goodwill associated with the copyrights or if we are dissolved, become insolvent, or we assign our rights under the license agreement without 2436173 Alberta Ltd.'s consent. The license agreement contains no other limitations. Except for

the license agreement, there are currently no agreements in effect that significantly limit our rights to use or license the use of the subject matter covered by the copyrights in any manner material to the franchise offered under this disclosure document.

We are not required to protect your right to use the subject matter covered by the copyrights or defend you against claims arising from your use of the subject matter covered by the copyrights. You must immediately notify us of any infringement of or challenge to your use of the subject matter covered by the copyrights. We may take such action as we deem appropriate. We have the right to control any administrative proceedings or litigation involving the copyrights. The Franchise Agreement does not require us to participate in your defense of any proceeding arising out of your use of the subject matter covered by the copyrights. We are not required to indemnify you against or reimburse you for any damages for which you are held liable in any proceeding arising out of your use of the subject matter covered by the copyrights. If we decide that you must modify or discontinue the use of any of any subject matter covered by the copyrights, you will do so at your expense.

We do not know of any infringing uses of the subject matter covered by the copyrights that could materially affect you.

### ***Trade Secrets and Other Confidential Information***

You will obtain knowledge of proprietary techniques, business procedures and other matters that are necessary and essential to the operation of the Franchised Business, without which information, you could not effectively operate such Franchised Business, including, knowledge regarding the System and the Manual. This information is confidential and may constitute trade secrets. You may not disclose this information to any third party or use it for any purpose other than operation of the Franchised Business during the term of the Franchise Agreement, without our prior written consent. However, you may disclose such information to your employees, in circumstances of confidence and on a “need-to-know” basis. You will use your reasonable best efforts to maintain and to cause your employees and agents to maintain the confidentiality of all such information. Upon our request, you will use reasonable best efforts to obtain written covenants, from the foregoing persons, in form and terms prescribed from time to time by us, to maintain confidentiality.

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

The Franchise Agreement requires that either a Guarantor or another person approved by us, who has been fully trained, act as manager of the Franchised Business, and devote full time and attention to the operation of the Franchised Business. There is no requirement that your manager own any of your equity, but we do recommend that a Guarantor under the Franchise Agreement act as manager.

As noted above, you may disclose information that is confidential and may constitute trade secrets to your manager, in circumstances of confidence and on a “need-to-know” basis. You will use your reasonable best efforts to maintain and to cause your manager to maintain the confidentiality of all such information. Upon our request, you will use reasonable best efforts to obtain written covenants, from your manager, in form and terms prescribed from time to time by us, to maintain confidentiality.

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

You may only sell the products and services authorized by us and you must sell all the products and services authorized by us.

We may revise our list of authorized products and services from time to time based upon our evaluation of various factors, which may include customer demand, geographic location, technological developments, and other market or economic factors. Our right to modify the list of authorized products and services is unlimited.

Further, subject to applicable law, we may establish minimum and/or maximum prices for the authorized products and services, and you must sell the authorized products and services in accordance with any such minimum and/or maximum prices. Minimum and/or maximum prices for the authorized services may vary from region to region to reflect differences in costs, economic and other factors in any region.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE**  
**RESOLUTION THE FRANCHISE RELATIONSHIP**

**THE FRANCHISE RELATIONSHIP**

**THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT**

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	2.01	5 years
b. Renewal or extension of the term	2.04	You may renew the Franchise Agreement for 2 additional, successive terms of 5 years so long as you are in compliance with the terms specified in the Franchise Agreement or the Franchise Agreement applicable to any renewal term.
c. Requirements for you to renew or extend	2.04	(a) You will have given us written notice of your intention to renew at least 9 months before the expiration of the then current term.

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		<p>(b) You will have completed all maintenance, refurbishing, renovating and re-modelling of the Premises and of the Equipment and Furnishings as we have reasonably required to meet the System standards in effect.</p> <p>(c) You will not be in default of this Agreement or any other agreement with us or any of our Affiliates as at the end of the then current Term and you will have otherwise substantially complied with the policies and procedures of the System in your operation of the Franchised Business.</p> <p>(d) You will have paid all monetary obligations owed by you to us and any of our Affiliates as at the end of the then current Term and will have throughout the then current Term, paid all obligations on time to us, our its Affiliates and to trade creditors of the Franchised Business.</p> <p>(e) You and the Guarantors will have executed, at the time of renewal, our then current form of franchise agreement, the terms of which may be different from the terms of this Agreement and which, when executed, will replace the Agreement in all respects and you will execute all other</p>

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		<p>documents and agreements as are then customarily required by us in the granting of franchises. Among other things, the new franchise agreement may stipulate for higher royalty and higher expenditures and contributions for advertising. We will deliver to you a copy of our then current form of franchise agreement as soon as reasonably possible following receipt of notice from you of your intention to renew.</p> <p>(f) You will have paid to us a renewal fee equal to Twenty-five (25%) of the Franchisor's then-current initial franchise fee.</p> <p>(g) You and the Guarantors will have executed, at the time of such renewal, a general release of all claims against the Franchisor, its Affiliates and their respective officers and directors, in form prescribed by the Franchisor which release shall exclude any claims that the Franchise Partner and the Guarantors may have under applicable franchise law for the state in which the Franchised Business is located.</p>
d. Termination by you	N/A	You may not terminate the Franchise Agreement for any reason.

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
e. Termination by us without cause	N/A	We may not terminate the Franchise Agreement without cause.
f. Termination by us with cause	10.01	We may terminate the Franchise Agreement with cause.
g. "Cause" defined - curable defaults	10.01 (c), (d), (e), (j)	<p>(a) You fail to pay when due any amount owing to us, our affiliates, or any supplier to the Franchised Business, and such a default continues for a period of five (5) days.</p> <p>(b) You fail to observe or perform any of its other obligations on its part and such default is not remedied within fifteen (15) days of receipt of Notice from us.</p> <p>(c) You fail to furnish report, financial statements, tax returns, or any other documentation required by this Agreement at the time specified and the failure is not remedied within fifteen (15) days of receipt of Notice from the Franchisor.</p> <p>(d) You engage in any conduct or practice, which reflects unfavorably upon or is detrimental to the Marks, to the good name, goodwill or reputation of us or to the business reputation or goodwill of franchisees of the System generally and You fail to cease such conduct or practice within five (5) days from receipt of Notice from us.</p>

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	10.1 (a), (b), (e), (f), (g), (h), (i), (k), (l), (m)	<p>(a) Failure to enter into a lease for the Premises within nine (9) months of executing the Franchise Agreement.</p> <p>(b) Making a material misrepresentation on the application for a True Movement® Studio franchise.</p> <p>(C) If You, for a reason other than clerical error, understate Gross Revenue for any period by more than 2% or by reason of clerical error understate Gross Revenue for any period by more than 2% on more than 2 occasions in a 12-month period;</p> <p>(d) If You lose the right to possession of the Premises or the Lease is terminated as a result of the default of the Franchisee;</p> <p>(e) If the studio manager fails to satisfactorily complete all required training for the operation of the Franchised Business;</p> <p>(e) If You or any Guarantor attempts to assign any property without fully complying with the requirements of Article 9.00 of the Franchise Agreement;</p> <p>(f) If You received from us during a consecutive twelve (12) month period, three or more Notices relating</p>

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		<p>to a default (whether such Notices relate to the same or different defaults and whether or not such defaults have been remedied by the You).</p> <p>(g) If You make a general assignment for the benefit of creditors, have a receiver or similar custodian appointed or makes a disposition of substantially all of your assets, or any of the assets of the Franchised Business are seized, taken over or foreclosed upon, if the you institute any proceeding, or become the subject of any proceeding, relating to insolvency or bankruptcy, if the you become administratively dissolved or otherwise, or takes steps to initiate the winding-up, dissolution, or liquidation of either you or any Guarantor, or if you become insolvent or are unable to meet all of your obligations as they become due.</p> <p>(h) If You cease or take any steps to cease the operation of the Franchised Business.</p>
i. Your obligations on termination/non-renewal	10.03; 10.05	At the end of the Term or the termination of the Franchise Agreement for any reason, all your rights under the Franchise Agreement end and you must immediately cease to use the Systems and the Marks, including removal of the Marks from all items

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		<p>under your control. You must return to us all signage, advertising materials, copies of customer lists, all copies of the Manual, all items imprinted with the Marks and return all other confidential information in your possession. You must also take all actions that we deem necessary or advisable to evidence the fact that you have ceased use of the Marks and that you have no further right or interest in the Marks.</p> <p>We have the option to purchase your assets, or only the True Movement Platforms®, for the lesser of book value or fair market value if you are terminated or fair market value if your Franchise Agreement expires.</p>
j. Assignment of contract by us	9.01	We may assign any or all of our rights under the Franchise Agreement, provided that the assignee agrees in writing to assume all our obligations under the Franchise Agreement. In the event of such an assignment, we will no longer be responsible under the Franchise Agreement. You agree to execute any document regarding the status of this Agreement as we or our assignee may reasonably request.
k. "Transfer" by you - defined	9.02	"Transfer" is defined to include the sale, assignment, transfer, mortgage, charge,

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		grant of security interest or otherwise encumber any of your rights and interest under the Franchise Agreement.
1. Our approval of transfer by you	9.02	Our prior written consent is required to Transfer the Franchise Agreement. To Transfer the Franchise Agreement, You must submit to us a copy of the offer relating to the proposed Transfer, information relating to the character, business background and experience of the proposed buyer and any other information we may request. This information must be accompanied by a \$2,500 (plus Applicable Tax) Transfer Review Fee. We are not required to consider any proposed Transfer if: (i) you or any Guarantor are in default under the Franchise Agreement, or (ii) the offer for the proposed Transfer contains any condition that prevents the offer from being binding (other than the condition of our consent to the Transfer).
m. Conditions for our approval of transfer	9.02(c)	In addition to considering the qualifications of the proposed buyer, we may require:  i) there be no default by you in the performance of any of your obligations under the Franchise Agreement or any other agreement between the you and us or our Affiliates or with any

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		<p>supplier of the Franchised Business;</p> <p>ii) You will have settled all outstanding accounts with us, our Affiliates and all trade creditors of the Franchised Business;</p> <p>iii) You and the Guarantors will have executed a general release of all claims against us, our Affiliates and their respective officers and directors, in form prescribed by us;</p> <p>iv) the proposed buyer and its shareholders must have agreed to the following upon completion of the Transfer, all maintenance, refurbishing, renovating and remodeling of the Premises and the Equipment and Furnishings as the Franchisor reasonably requires to meet the System standards then in effect;</p> <p>v) the proposed buyer and its shareholders or partners will have entered into a written assignment, assuming and agreeing to discharge all of your obligations under the Franchise Agreement or, at our option, enter into the then-current form of franchise agreement and all other agreements then being required by us in the grant of franchises;</p>

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		<p>vii) except as provided below, the proposed buyer will pay to us, in respect of any Transfer, a transfer fee in an amount equal to the greater of fifty percent (50%) of the then-current initial franchise fee for the Franchise Area, or for the Franchise Territories which are the subject of the Transfer.</p> <p>viii) We are reasonably satisfied that the proposed transfer terms and other factors involved in the transfer do not materially impair the transferee's ability to effectively assume and care out its obligations.</p>
<p>n. Our right of first refusal to acquire your business</p>	<p>10.05</p>	<p>For a period of thirty (30) days following the termination or expiry of the Franchise Agreement, the Franchisor shall have the option, exercisable by Notice to the Franchisee, to purchase all Equipment and Furnishings, inventory and supplies owned and used by the Franchisee in connection with the operation of the Franchised Business, or to purchase only the True Movement Platforms® owned and used by the Franchisee at the Franchised Business, at a price equal to the lesser of the book value and the fair market value of the property in question. Such purchase price shall not contain any factor or</p>

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		<p>increment for goodwill or other intangibles and the Franchisor may exclude from the assets purchased any Equipment and Furnishings, inventory and supplies which, in the reasonable opinion of the Franchisor, are obsolete, damaged or otherwise not in marketable or usable condition.</p>
<p>o. Your death or disability</p>	<p>9.03</p>	<p>In the event of the death or disability of a Guarantor, except in the case of the last Guarantor when there is more than one, the Guarantor or his estate will have 120 days from the date of death or disability to sell such person's interests to the remaining Guarantors.</p> <p>In the event of the death or disability of the last Guarantor or where there is only one Guarantor, then upon such person's death or permanent disability, the interests in the Franchised Business must be sold within 120 days to a buyer that is acceptable to us, subject to the terms and conditions of Transfers as described under subsection (m) above.</p>
<p>p. Non-competition covenants during the term of the franchise</p>	<p>11.02</p>	<p>During the Term, you and the Guarantors will not (without our prior written consent) either directly or indirectly carry on, be engaged in, be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its</p>

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		name or any part thereof to be used or employed by any person engaged in or concerned with or interested in any business engaged in the development, operation, franchising or management of training programs focused on stability, mobility and strength training.
q. Non-competition covenants after the franchise terminates or expires	11.03	For a period of two (2) years from the date of termination of the Franchise Agreement, you and the Guarantors may not (without our prior written consent) anywhere within the Franchise Area, within a radius of ten (10) kilometres surrounding the Franchise Area, or within the exclusive geographic territory of any other True Movement® Studio, either individually or in partnership or jointly or in conjunction with any other person carry on, be engaged in, be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed by any person engaged in or concerned with or interested in any business engaged in the development, operation, franchising or management of fitness and physical rehabilitation businesses similar to those offered by a True Movement® business.

<b>PROVISION</b>	<b>SECTIONS IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
r. Modification of the agreement	1.09	No modification of the Franchise Agreement will be binding unless it is agreed to in writing by the parties except (i) as specifically provided in the Franchise Agreement, and (ii) that we may, in our sole discretion, modify the Manual from time to time to reflect changes to the System.
s. Integration/merger clause	14.13	The Franchise Agreement constitutes the entire Agreement with respect to the Franchised Business and supersedes all previous agreements and understandings between the parties in any way. It is expressly understood and agreed that the Franchisor has made no representations, inducements, warranties or promises, whether direct, indirect or collateral, expressed or implied, oral or otherwise, concerning the Franchised Business, the Franchise Agreement, except as what is in this franchise disclosure document provided to You.
t. Dispute resolution by arbitration or mediation	13.03, 13.04	Subject to potential limitations of your state's law, all claims must be resolved by non-binding mediation in Edmonton, Alberta, Canada and then if not resolved, by binding arbitration in Wilmington, Delaware. We retain the right to seek injunctions and other emergency relief for the

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
		protection and enforcement of certain rights in any court having competent jurisdiction.
u. Choice of forum	13.04	Subject to potential limitations of your state's law, if a court of competent jurisdiction decides the requirement to arbitrate is unenforceable, litigation must be in Wilmington, Delaware.
v. Choice of law	1.04	Subject to potential limitations of your state's law, Delaware law applies for construction and interpretation of the franchise agreement, but does not give rise to statutory or regulatory claims that would not otherwise apply.

**ITEM 18**  
**ARRANGEMENTS WITH PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Erin Baker at [erin@truemovement.ca](mailto:erin@truemovement.ca), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table Number 1 - Systemwide Outlet Summary for Years 2022 – 2024**

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

**Table Number 2 - Transfers Of Outlets From Franchisees To New Owners  
(Other Than The Franchisor) for Years 2022 – 2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Total</b>	2022	0
	2023	0
	2024	0

**Table Number 3 - Status of Franchised Outlets for Years 2022 - 2024**

<b>State</b>	<b>Year</b>	<b>Outlets at Star of Year</b>	<b>Outlets Opened</b>	<b>Termination</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations - Other Reasons</b>	<b>Outlets at End of the Year</b>
<b>Total</b>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

**Table Number 4 - Status Of Company-Owned Outlets for Years 2022 - 2024**

State	Year	Outlets at Star of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
<b>Total</b>	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

**Table Number 5 - Projected Openings As Of June 25, 2025**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the next Fiscal Year
Illinois	0	1	0
<b>Total</b>	0	1	0

As of the issuance date of this disclosure document, we do not have any franchises and no franchisees have had outlet terminated, cancelled, not renewed, transferred or have otherwise voluntarily or involuntarily ceased to do business under a franchise agreement.

Note that in the future, current and former franchisees may be asked to sign provisions restricting their ability to speak openly about their experiences with us. You may wish to speak with these current and former franchisees but be aware that not all such franchisees will be able to communicate with you. Typically, current and former franchisees will only be restricted from speaking about the terms of any settlement they reached with us.

If you purchase this franchise, your contact information may be disclosed to other prospective franchisees, including after you leave the franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with the franchise system being offered to you. No independent franchisee organization has asked to be included in this disclosure document.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Our fiscal year end is July 31, 2025. We have only operated since April 29, 2025 and therefore cannot provide the required financial statements for the preceding three years. Attached to this disclosure document and designated Exhibit H is our start up balance sheet dated May 23, 2025.

**ITEM 22**  
**CONTRACTS**

All proposed agreements regarding the franchise offering are attached as follows:

**Exhibits**

- A            Franchise Agreement
  - Schedule A – Address of Premise and Territory
  - Schedule B - Marks
  - Schedule C - Conditional Assignment Provisions
  - Schedule D – Sample General Security Agreement
  
- D            State Amendments to the Franchise Agreement
  
- E            Confidentiality and Deposit Agreement
  
- F            Mutual Release Agreement

**ITEM 23**  
**RECEIPTS**

The last 2 pages of this disclosure document are duplicate Receipts, which will serve as an acknowledgement by you that you have received a copy of this disclosure document. You should sign both copies of the Receipt, return one copy to us and retain one for your records. If the Receipt pages, or any other page or Exhibit is missing from your copy of the franchise disclosure document, please contact us immediately.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**



## **FRANCHISE AGREEMENT**

**BETWEEN:**

**True Movement Franchising Inc.**

- and -

- and -

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## FRANCHISE AGREEMENT

This Franchise Agreement (“**Agreement**”), effective \_\_\_\_\_, 2025 is among **TRUE MOVEMENT FRANCHISING INC.**, a Delaware corporation (the “**Franchisor**”), and \_\_\_\_\_, a [Insert State] [corporation/limited liability company/limited partnership] (the “**Franchisee**”), and \_\_\_\_\_, individual(s) resident in the State of \_\_\_\_\_ (the “**Guarantors**”).

### BACKGROUND:

- A. 2436173 Alberta Ltd. (the “**Owner**”) has developed a system (the “**System**”) for the operation of studios offering the True Movement Method® to restore posture, increase mobility and enhance performance (the “**True Movement Method**”) which studios are identified to the public under the name and style “True Movement®” (each a “**True Movement Studio**”).
- B. The System is operated with specialized equipment and standardized methods and programs.
- C. Pursuant to the terms of an exclusive license agreement between the Owner and the Franchisor (the “**Exclusive License Agreement**”), the Franchisor has the exclusive right to establish and to grant franchises for the establishment of True Movement Studios throughout the United States.
- D. The Franchisee has applied to the Franchisor for a franchise to operate a True Movement Studio and such application has been approved by the Franchisor in reliance upon all representations and statements contained in such application.
- E. The Guarantors are all of the equity holders of the Franchisee.

### AGREEMENT:

The parties, intending to be legally bound, agree as follows:

## ARTICLE 1.00 DEFINITIONS AND INTERPRETATION

### 1.01 Definitions

In this Agreement the following terms shall have the following meanings:

- (a) “Affiliate” – means, with respect to any specified person or entity, any other person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the specified person or entity (with the terms “controls”, “controlled by” and “under common control with” having the meanings used in the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder);
- (b) “Applicable Taxes” – means taxes imposed by a governmental authority on the sale of goods or services;

- (c) “Equipment and Furnishings” – means collectively, the True Movement Platform® and all other equipment and supplies used in the provision of the training services offered from a True Movement Studio, furnishings, fixtures, signage and computer hardware and software authorized from time to time by the Franchisor for use in the operation of a True Movement Studio;
- (d) “Franchised Business” – means the True Movement Studio to be operated by the Franchisee at the Premises pursuant to this Agreement;
- (e) “Gross Revenue” – means the entire amount of the actual sales price, whether for cash, credit or otherwise, of all sales of goods and services from the Franchised Business and all other receipts whatsoever from all business conducted upon or originating from the Premises, the proceeds from any business interruption insurance received with respect to the Franchised Business and the value of any goods or services provided by the Franchisee at less than normal prices. There shall be no deductions allowed for uncollected or uncollectible credit accounts and no allowances shall be made for bad debts. Each charge or sale upon instalment or credit shall be treated as a sale for the full price in the week during which such charge or sale is made, regardless of when the Franchisee shall receive payment therefore. Gross Revenue shall not include:
  - (i) any amounts collected by the Franchisee for any duly constituted governmental authority and paid out by the Franchisee to such authority on account of taxes imposed upon the sale of goods and services from the Franchised Business; and
  - (ii) the face amount of any promotional coupon or gift certificate issued in connection with a System promotion by the Franchisor and which is received or credited by the Franchisee in full or partial satisfaction of the cost of any goods or services sold from the Franchised Business.
- (f) “Lease” - means the lease for the Premises as more fully described in Section 3.01 hereof;
- (g) “Manual”- means collectively, all books, pamphlets, memoranda or other publications prepared by or on behalf of the Franchisor and made available to franchisees by way of paper copy, intranet or otherwise, for use by franchisees generally and for the Franchisee in particular, setting forth information, advice, instructions or policies relating to the System and the operation of a True Movement Studio, as such may be amended from time to time;
- (h) “Marks” – means the trademarks, trade names and other commercial symbols, graphics and related logos as the Franchisor may from time to time own or be licensed to use in connection with the System, including but not limited to those Marks listed in Schedule B attached hereto;

- (i) “Notice” - has the meaning given thereto in Section 14.06 hereof;
- (j) “Premises” – means the premises from which the Franchised Business is operated, as described in Part 1 of Schedule A attached hereto. If at the time of execution of this Agreement, the Premises have not yet been determined, Part 1 of Schedule A shall be deemed to be completed upon determination of the location of the Franchised Business in accordance with Subsection 3.01 (b) hereof;
- (k) “Prime Bank Rate” – means the highest domestic prime rate published in The Wall Street Journal (if no longer published, then a similar publication designated by the Franchisor);
- (l) “Studio Manager” – means the Guarantor or other person designated by the Franchisee and approved by the Franchisor to manage and supervise the Franchised Business;
- (m) “Territory” – means the geographical area described in Part 2 of Schedule A attached hereto, which shall be deemed to be completed concurrently with the completion of Part 1 of Schedule A;
- (n) “True Movement Platform” – means the patent pending equipment comprising a spring- loaded carriage platform used for provision of the stability, mobility, and strength training programs offered at a True Movement Studio.

## **1.02 Table of Contents and Headings**

The table of contents preceding the division of this Agreement into articles and sections and the insertion of articles, sections and headings are for the convenience of reference only and shall not affect the interpretation or construction of this Agreement.

## **1.03 Number and Gender**

In this Agreement the use of the singular number includes the plural and vice versa, the use of any gender includes all genders and the word “person” includes an individual, a trust, a partnership, a limited liability company, a body corporate or politic, a governmental authority and any agency thereof, an association and any other incorporated or unincorporated organization or entity.

## **1.04 Law Applicable**

Subject to the Franchisor’s rights under federal trademark laws and the parties’ rights under the Federal Arbitration Act, the parties’ rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the State of Delaware without regard to principles of conflicts of laws, except that no Delaware statute or regulation will apply or will give rise to any right or claim except to the extent that the Franchisee is conducting business in the state of Delaware and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision.

### **1.05 Severability of Clauses**

If any covenant or other provision of this Agreement is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, all other conditions and provisions of this Agreement shall, nevertheless, remain in full force and effect and no covenant or provision shall be deemed dependent upon any other covenant or provision unless so expressed herein.

### **1.06 Agreement Binding on Successors and Assigns**

Subject to the restrictions on assignment herein contained, this Agreement shall enure to the benefit of and be binding upon the Franchisor, the Franchisee, the Guarantors and their respective heirs, executors, administrators, successors and assigns.

### **1.07 Joint and Several**

If the Franchisee is two or more persons, the covenants on the part of the Franchisee herein made shall be deemed to be the joint and several covenants of such persons.

### **1.08 Taxes**

All payments provided for herein are exclusive of Applicable Taxes.

### **1.09 Modification of Agreement**

No modification of this Agreement will be binding unless it is agreed to in writing by the parties except (i) as specifically provided in this Agreement, and (ii) that the Franchisor may, in its sole discretion, modify the Manual from time to time to reflect changes to the System.

## **ARTICLE 2.00 GRANT OF FRANCHISE**

### **2.01 Grant and Term**

Subject to the terms and conditions of this Agreement, the Franchisor hereby grants to the Franchisee the non-exclusive right and license to operate a True Movement Studio at the Premises and a non-exclusive license to use the Marks in the operation thereof.

The right and license herein granted shall be for a term (the “**Term**”) commencing the date hereof and expiring five (5) years from the date of commencement of the Lease. Termination or expiry of this Agreement shall constitute a termination of the right and license granted herein.

### **2.02 Territory**

Subject to the provisions of Section 2.03 hereof, so long as the Franchisee is not in default of this Agreement, the Franchisor agrees that it will not establish, or grant a franchise for

the establishment of, a True Movement Studio within the Territory.

### **2.03 Reservation of Rights**

The restriction contained in Section 2.02 hereof shall not apply to, and the Franchisor and its Affiliates retain all rights, in their sole discretion, to:

- (a) establish and operate, and grant to others the right to establish and operate, a True Movement Studio or any other business using the Marks, the System or any variation of the Marks and the System, in any location outside the Territory, on any terms and conditions that the Franchisor deems appropriate;
- (b) develop, use and franchise anywhere (including within the Territory) the rights to any trade names, trademarks, commercial symbols, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the System, without granting the Franchisee any rights therein;
- (c) offer for sale the True Movement Platform to individuals, sports teams and others located within or outside of the Territory for their personal use;
- (d) acquire, whether through acquisition of assets or equity interests, merger or otherwise, other businesses, including businesses that compete with the Franchisee in the Territory. Once acquired, the Franchisor or its Affiliates may continue to operate these competitive businesses and may franchise, license, or create similar arrangements with respect to these competitive businesses, including in the Territory. The Franchisor may operate these competitive businesses either independent of the Marks and the System, or in a manner of co-branding with the Marks and the System, or the competitive businesses may be re-branded under the Marks and the System or the Franchised Business may be re-branded under the marks and the system of the competitive businesses;
- (e) be acquired, whether through acquisition of assets, equity interests, merger or otherwise, including by an acquiror that directly or indirectly competes with the Franchisee in the Territory. Once acquired, the acquiror may continue to operate its competitive businesses and may franchise, license, or create similar arrangements with respect to its competitive businesses, including in the Territory. Acquiror may operate its competitive business either independent of the Marks and the System, or in a manner of co-branding with the Marks and the System, or the competitive businesses may be re-branded under the Marks and the System or the Franchised Business may be re-branded under marks and the system of the competitive businesses; and
- (f) engage in any other activity, action or undertaking that the Franchisor is not expressly prohibited from taking under this Agreement.

## 2.04 **Renewal**

The Franchisee may renew the rights herein granted for two additional five (5) year terms, with the renewal terms running in succession, provided the following conditions are met for each renewal term:

- (a) the Franchisee shall have given the Franchisor written notice of its intention to renew at least nine (9) months, but no more than twelve (12) months, prior to the expiry of the Term;
- (b) the Franchisee shall have completed to the Franchisor's satisfaction all such maintenance, refurbishing, renovating and re-modelling of the Premises and of the Equipment and Furnishings as the Franchisor shall reasonably require to meet the System standards then in effect;
- (c) the Franchisee shall not be in default of this Agreement or any other agreement with the Franchisor or any of its Affiliates as at the expiry of the term of this Agreement and shall have substantially complied with all the terms and conditions of such agreements during their respective terms;
- (d) the Franchisee shall have satisfied all monetary obligations owed by the Franchisee to the Franchisor and any of its Affiliates as at the expiry of the term of this Agreement and shall have throughout the term of this Agreement, timely met all monetary obligations to the Franchisor, its Affiliates and to trade creditors of the Franchised Business;
- (e) the Franchisee and the Guarantors shall have executed, at the time of renewal, the Franchisor's then current form of franchise agreement, the terms of which may differ from the terms of this Agreement and which, when executed, shall supersede in all respects this Agreement and shall execute such other documents and agreements as are then customarily required by the Franchisor in the granting of franchises. Without limiting the generality of the foregoing, such new franchise agreement may stipulate for a higher royalty fee and higher expenditures and contributions for advertising and, unless otherwise agreed, shall contain no right or option to further renew the right and license herein granted;
- (f) the Franchisee shall have paid to the Franchisor a renewal fee in an amount equal to Twenty-five percent (25%) of the Franchisor's then-current initial franchise fee;
- (g) the Franchisee and the Guarantors shall have executed, at the time of such renewal, a general release of all claims against the Franchisor, its Affiliates and their respective officers and directors, in form prescribed by the Franchisor which release shall exclude therefrom any rights that the Franchisee or the Guarantors may have under applicable franchise law; and
- (h) the Franchisee shall have the right to remain in possession of the Premises (or other premises acceptable to the Franchisor) for such renewal term.

## **2.05 System Modification**

The Franchisee acknowledges that the System must continue to evolve in order to reflect changes in the market, in the methodologies of the System and to meet new and changing consumer preferences and that accordingly, variations and additions to the System may be required from time to time in order to preserve and enhance the public image of the System and to ensure the continuing efficiency of the System generally. Accordingly, the Franchisee acknowledges and agrees that the Franchisor may, from time to time hereafter, upon Notice and acting reasonably, add to, subtract from or otherwise change the System, including, without limitation, the adoption and use of new or modified trademarks, products, services, technology, Equipment and Furnishings, health and safety protocols and new techniques and methodologies. The Franchisee agrees to promptly accept, implement, use and display in the operation of the Franchised Business all such additions, modifications and changes, at its sole cost and expense.

## **ARTICLE 3.00 DEVELOPING AND OPENING THE FRANCHISED BUSINESS**

### **3.01 Premises**

If at the time of execution of this Agreement, a location for the Franchised Business has not been selected, the Franchisee will use reasonable best efforts to find a suitable location for the Franchised Business which location shall be acceptable to the Franchisor. Upon determination of the location for the Franchised Business, the Franchisee shall be responsible for all negotiations in respect of the lease for such premises (the “**Lease**”) which Lease shall contain those provisions set out in Schedule C attached hereto or provisions substantially similar thereto in order to provide the Franchisor with the option to assume the Lease in certain circumstances. The Franchisor shall be made a party to the Lease only for the benefit of taking advantage of the provisions set out in Schedule C. The Franchisee agrees not to amend or terminate the Lease without the Franchisor’s prior written consent. Any attempt to terminate, alter or amend the Lease shall be null and void.

If required by the Franchisor, the Franchisee shall use the Franchisor’s designated real estate broker to source a location for the Franchised Business.

Notwithstanding that the Franchisor has a right of approval of the location for the Franchised Business, the Franchisee acknowledges that the Franchisor has not given, and shall be deemed to not have given, any representation, warranty or guarantee as to the potential volume, profits or success of the Franchised Business at such location.

### **3.02 Option to Terminate**

If, within a period of nine (9) months following execution of this Agreement, a suitable location for the Franchised Business has not be found or a Lease has not been signed by the Franchisee, then until such time as the Franchisee has entered into a Lease in accordance with the provisions of Section 3.01 hereof, the Franchisor shall have the continuing option to terminate this Agreement by giving not less than twenty (20) days written Notice of termination to the Franchisee. If Notice of termination is given as aforesaid, then unless the Franchisee has entered into a Lease prior to expiry of the notice period contained in such

Notice, this Agreement and the rights and obligations of the parties hereunder shall terminate. Forthwith upon termination of this Agreement, the parties shall deliver to each other such releases and other documents as may be required to fully rescind all agreements between them in respect of the rights herein granted and the Franchisor shall refund to the Franchisee the Initial Franchise Fee paid by the Franchisee less the sum of Fifteen Thousand Dollars (\$15,000) to reimburse the Franchisor for costs and expenses incurred and for the opportunity lost as a result of the termination of this Agreement.

### **3.03 Development of Premises**

The Franchisor will provide to the Franchisee the Franchisor's standard plans and specifications for a True Movement Studio. The Franchisee shall, at its sole cost and expense, construct and install at the Premises all required improvements, Equipment and Furnishings, opening inventory and supplies in accordance with such standard plans and specifications. The construction, equipping and furnishing of the Premises is herein called the "**Development of the Premises**". In connection with the Development of the Premises, the Franchisee shall:

- (a) retain such contractors and other trades as may be approved by the Franchisor, acting reasonably;
- (b) procure and maintain in force adequate public liability, personal injury and property damage insurance in such amounts as the Franchisor reasonably determines from time to time protecting both the Franchisor and the Franchisee against loss or damage arising in connection with the Development of the Premises;
- (c) allow access to the Premises to the Franchisor at all reasonable times to inspect the Development of the Premises to ensure compliance with the standard plans and specifications for a True Movement Studio;
- (d) comply with all applicable by-laws, building codes, permit requirements and lease requirements and restrictions;
- (e) obtain all required building, utility, sign, sanitation, and business permits and licenses; and
- (f) purchase or lease from the Franchisor or its approved suppliers and install at the Premises all Equipment and Furnishings and purchase from the Franchisor or its designated or approved suppliers such opening retail inventory and other supplies as the Franchisor reasonably determines is necessary to commence operation of the Franchised Business at the Premises.

### **3.04 Location of Franchised Business**

The Franchisee may operate the Franchised Business only at the Premises and may not relocate except with the Franchisor's prior written consent. If, prior to the termination or expiry of this Agreement, the Lease expires or terminates without the fault of the Franchisee or the Franchisor, or if the Premises are destroyed or condemned or otherwise rendered

unusable or if, in the judgment of the Franchisor, there is a change in the character of the location of the Premises sufficiently detrimental to its business potential to warrant the relocation of the Franchised Business, the Franchisor will grant its consent to the relocation of the Franchised Business to a location acceptable to the Franchisor, acting reasonably. Any such relocation shall be at the Franchisee's sole cost and expense and the Franchisor shall have the right to charge the Franchisee for the reasonable costs and expenses incurred by the Franchisor in connection with such relocation.

### **3.05 Use of Premises**

The Franchisee shall use the Premises for the operation of a True Movement® Studio and for no other purpose without the prior written consent of the Franchisor, which consent may be withheld by the Franchisor in its sole and absolute discretion.

### **3.06 Opening of Franchised Business**

The Franchised Business shall not be opened without the prior written approval of the Franchisor, which approval will not be unreasonably withheld. The Franchisor shall be entitled to withhold approval until the Guarantors and Studio Manager have satisfactorily completed the Franchisor's initial training program, described in Section 7.01 hereof and the Franchisee has available at least 3 trainers who have satisfactorily completed the Certification Training (defined in Section 7.02 below). The Franchisee agrees to open the Franchised Business to the public within five (5) days after the Franchisor determines that it is in suitable condition for opening.

### **3.07 Designation of Sales and Business Consultant**

The Franchisor shall designate a sales and business consultant to advise and assist the Franchisee with the development and opening of the Franchised Business.

## **ARTICLE 4.00 MARKS**

### **4.01 Ownership of the Marks**

The Franchisee acknowledges that the Owner is the owner of the Marks and that neither this Agreement nor the operation of the Franchised Business shall in any way give, or be deemed to give, the Franchisee any interest in the Marks except for the right to use same pursuant to the terms of this Agreement.

### **4.02 Integrity of Marks**

The Franchisee shall operate the Franchised Business utilizing the Marks without any accompanying words or symbols of any nature, unless first approved in writing by the Franchisor. No part of the Marks nor any words similar thereto shall, without the prior written consent of the Franchisor, be included in any internet address or in any corporate name used by the Franchisee or by any person which has a direct or indirect interest in the Franchisee or in which the Franchisee may, at any time, have a direct or indirect interest. However, where required by applicable law, the Franchisee shall register itself as carrying

on business under the style name “True Movement®”.

#### **4.03 Use and Display of Marks**

The Franchisee shall use the Marks only in the operation of the Franchised Business. The Franchisee shall prominently display at the Premises a sign, in form approved by the Franchisor, stating that the Franchised Business is independently owned and operated by the Franchisee under license from the Franchisor. If the Franchisee utilizes any of the Marks on any stationary, invoices, purchase orders, pamphlets or promotional material, such items shall expressly indicate that the Franchisee is a franchisee of the Franchisor and a licensee of the Marks.

The Franchisee agrees not to use the Marks in any manner calculated to represent that it has any right, title or interest in and to any of the Marks other than the right to use the Marks in accordance with the terms of this Agreement. The Franchisee agrees during the term of this Agreement and thereafter, not to dispute or contest, directly or indirectly, the validity or enforceability of any of the Marks nor counsel, procure or assist anyone else to do the same, nor directly or indirectly attempt to depreciate the value of the goodwill attaching to the Marks.

#### **4.04 Change of Marks**

If it becomes advisable at any time in the sole discretion of the Franchisor for the Franchisee to modify or discontinue the use of any of the Marks or to use one or more additional or substitute trade names or trademarks, the Franchisee agrees to do so at its sole cost and expense.

#### **4.05 Infringement**

The Franchisee shall immediately notify the Franchisor of any infringement of or challenge to the Franchisee’s use of the Marks and the Franchisor or the Owner shall have the sole discretion to take such action as it deems appropriate.

#### **4.06 Domain Names and Website**

The Franchisee shall not register, adopt or use any domain name that is comprised of, contains, or is confusing with, the Marks including, without limitation, the True Movement® trade-mark or logo (a “True Movement® Domain Name”). Should the Franchisee or any of its Affiliates own a True Movement® Domain Name, be it directly or indirectly, it shall immediately transfer such domain name to the Franchisor. Failure of the Franchisee to transfer to the Franchisor any True Movement® Domain Name shall constitute bad faith registration and an absence of legitimate interest as provided under the Uniform Dispute Resolution Policy, or any successor dispute resolution policy. The Franchisor reserves the right, in its sole discretion, to authorize the Franchise Partner to use a True Movement® Domain Name, on such terms and conditions as the Franchisor reasonably requires provided that the Franchisor shall have the right at all times to own and control such domain name. The Franchisor shall, in its sole discretion, and for whatever reason, have the right to terminate the Franchise Partner’s right to use any True Movement®

Domain Name. The Franchise Partner shall cease use of any True Movement® Domain Name immediately upon termination or expiry of this Agreement.

The Franchise Partner acknowledges that the Franchisor shall be solely responsible for all search engine marketing (“SEM”) and search engine optimization (“SEO”) and any successor tools or methods used on the internet for the System and for the Franchised Business and all rights in, to and arising from such SEO and SEM and successor tools and methods shall be owned by the Franchisor. The Franchise Partner shall not, without the express written consent of the Franchisor which consent may be given or withheld in the sole discretion of the Franchisor, establish or maintain a separate website on the internet, or have any other internet or social media presence in connection with the Franchised Business or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Franchised Business.

## **ARTICLE 5.00      FEES AND OTHER PAYMENTS**

### **5.01      Initial Franchise Fee**

In consideration of the right and license granted hereunder, the Franchisee shall pay to the Franchisor, concurrently with the execution of this Agreement, an initial franchise fee in the amount of Fifty Thousand Dollars (\$50,000.00) (the “**Initial Franchise Fee**”) plus Applicable Taxes, less any deposit previously paid. The Initial Franchisee Fee shall be deemed to have been fully earned by the Franchisor upon payment thereof and is non-refundable.

### **5.02      Royalty Fee**

In return for the ongoing rights and privileges granted to the Franchisee hereunder, the Franchisee shall pay to the Franchisor, throughout the term of this Agreement, a continuing monthly royalty fee (the “**Royalty Fee**”) in an amount equal to Seven Percent (7%) of Gross Revenue, plus Applicable Taxes, such Royalty Fee to be payable monthly based upon the Gross Revenue for the immediately preceding calendar month.

### **5.03      Advertising Fee**

Upon Notice from the Franchisor that it has commenced the Advertising Programs described in Section 7.08 hereof, the Franchisee shall pay to the Franchisor an advertising fee (the “**Advertising Fee**”) in an amount equal to Two Percent (2%) of Gross Revenue plus Applicable Taxes, such Advertising Fee to be payable concurrently with the payment of the Royalty Fee. True Movement Studios owned and operated by the Franchisor or its Affiliates shall contribute to the Advertising Programs in the same amount as the Franchisee. The Franchisor shall have the right to increase the Advertising Fee from time to time provided that the Advertising Fee shall not exceed Four Percent (4%) of Gross Revenue.

#### **5.04 Grand Opening Advertising**

The Franchisee shall expend an amount of not less than Fifteen Thousand Dollars (\$15,000) to conduct a grand opening and promotional campaign for the Franchised Business. The Franchisee shall obtain the Franchisor's prior written approval to all activities and advertising and promotional materials forming a part of the grand opening and promotional campaign. The designated sales and business consultant, more particularly described in Section 3.07 of this Agreement, shall advise and assist the Franchisee with such grand opening and promotional campaign.

#### **5.05 Point of Sale**

The Franchisee is required to purchase or lease a point of sale or other computer system (POS System) designated by the Franchisor from time to time. If required, the Franchisee shall retain, at its cost and expense, the Franchisor's designated suppliers for the maintenance and technical support of the POS System and any loyalty and gift card program forming a part of the System from time to time.

#### **5.06 Music Fee**

The Franchisee is required to subscribe to the Franchisor's designated or approved music streaming service and to play the Franchisor's designated playlist at the Franchised Business. The Franchisee will be required to purchase a smartphone, tablet, or computer to stream the designated playlist and shall pay such subscription fees and other amounts required from time to time by such designated or approved music streaming service provider.

#### **5.07 Pre-Authorized Payments**

The Franchisee shall participate in such pre-authorized payment plans, electronic funds transfer systems, automatic debiting systems or other similar plans or systems as the Franchisor may from time to time require to permit the Franchisee to make direct deposit payment of all amounts owing to the Franchisor or its Affiliates. In order to participate in any such plans or systems, the Franchisee shall, at the Franchisee's cost, do all things necessary in order to implement and maintain such plans or systems including without limitation, executing and delivering any required authorization within five (5) days of request therefore from the Franchisor.

### **ARTICLE 6.00 FRANCHISED BUSINESS RECORDS AND REPORTING**

#### **6.01 Bookkeeping, Accounting and Records**

The Franchisee shall establish a bookkeeping, accounting and record-keeping system conforming to the requirements prescribed from time to time by the Franchisor including without limitation, the use and retention of point of sales records, invoices, purchase orders, payroll records, cheque stubs, sales tax records and returns, books of original entry and general ledger together with such further and other records and documents as may from time to time be required by the Franchisor. The Franchisee shall purchase or lease all necessary

computer hardware and software required from time to time by the Franchisor in order to implement any computerized point-of-sale, bookkeeping and accounting systems and for the tracking and maintenance of any customer loyalty and gift card program established by the Franchisor from time to time. The Franchisee and all personnel employed by the Franchisee shall record at the time of sale, in the presence of the customer, all sales or other transactions, whether for cash or credit, or by electronic equivalent on a point of sale system having a cumulative total and having such other features as shall be designated by the Franchisor from time to time.

## **6.02 Reports and Financial Information**

Throughout the term of this Agreement the Franchisee shall furnish to the Franchisor, in form prescribed from time to time by the Franchisor:

- (a) on or before the 5<sup>th</sup> day of each month, a report of the Gross Revenue for the immediately preceding calendar month;
- (b) as soon as practicable, and in any event within ninety (90) days after the end of each fiscal year of the Franchisee, financial statements for the Franchised Business, including a balance sheet, profit and loss statement and a statement of retained earnings for such period which statements shall be signed and verified by a chartered accountant or certified general accountant; and
- (c) such other statements and reports respecting the financial operation of the Franchised Business as the Franchisor reasonably requests from time to time.

The Franchisee acknowledges that such financial information will be furnished solely for information purposes and the Franchisor undertakes no obligation to review such financial information or to advise the Franchisee in connection therewith.

## **6.03 Franchisor's Right to Audit**

The Franchisee agrees that the Franchisor shall, at all reasonable times and without prior notice to the Franchisee, have the right to inspect or audit, or cause to be inspected or audited, the financial books, records, bookkeeping and accounting records and tax returns in respect of the Franchised Business. The Franchisee shall fully cooperate with representatives of the Franchisor or its agents conducting any such inspection or audit. If any such audit or inspection discloses an understatement of Gross Revenue for any period, the Franchisee shall immediately pay to the Franchisor any deficiency in Royalty Fees, Advertising Fees and all other fees required hereunder together with interest thereon as provided for in this Agreement, calculated from the date when such fees were due and payable to the Franchisor. Further, in the event that such audit is made necessary by the failure of the Franchisee to furnish reports, financial statements or tax returns as required by this Agreement or that the Franchisee's records were insufficient to permit a determination of Gross Revenue for any period or if an understatement of Gross Revenue is determined by any such audit to be two percent (2%) or greater, the Franchisee shall reimburse the Franchisor for the cost of such audit, including without limitation, the travel expenses, room, board and compensation of employees or agents of the Franchisor, and the Franchisor shall

have the right to require that all further financial statements required by the terms of this Agreement be in audited form.

#### **6.04 Enquiry by Franchisor**

The Franchisee hereby authorizes the Franchisor to make reasonable enquiry of the Franchisee's bankers, suppliers and other trade creditors of the Franchised Business as to their dealings with the Franchisee in relation to the Franchised Business and the Franchisee hereby authorizes and directs such bankers, suppliers and other trade creditors to disclose to the Franchisor the affairs, finances and accounts of the Franchised Business and to provide to the Franchisor information and copies of invoices relating to sales or other dealings between all such persons. If required, the Franchisee agrees to execute and deliver such directions and other documents as the Franchisor may require in order to permit such bankers, suppliers or other trade creditors to release or disclose any such information and documents to the Franchisor.

### **ARTICLE 7.00 OBLIGATIONS OF THE FRANCHISOR**

#### **7.01 Initial Training**

The Franchisor shall provide an initial business operations training program (the "**Initial Training**") to the Guarantors and to the Studio Manager in all aspects of the System and the operation of a True Movement Studio and shall provide True Movement Method® Level 1 training for a Guarantor, the Studio Manager, and up to three (3) personnel of the Franchisee, exclusive of the Studio Manager, who will provide True Movement Method® instruction to clients at the Franchised Business. The Initial Training and the True Movement Method® Level 1 training shall be conducted prior to the opening of the Franchised Business at the Franchisor's head office or other location designated by the Franchisor. The Franchisor shall have the right to provide certain portions of the Initial Training and the True Movement Method® Level 1 training virtually by way of a web-based classroom platform or other online resource. The cost of such Initial Training and True Movement Method® Level 1 training is included in the Initial Franchise Fee and the Franchisee shall be responsible for all travel, living expenses and compensation payable to its attendees.

If the Guarantors fail to satisfactorily complete the Initial Training that is a material breach of the Franchise Agreement. Additionally, the Studio Manager is required to complete and attend all sessions of the True Movement Method® Level 1 training. If the Studio Manager does not fully attend at all classes and observation sessions required for Level 1 training that is also a material breach of the Franchise Agreement. Upon either material breach, the Franchisor shall have the right to terminate this Agreement, and the parties shall deliver mutual releases in form satisfactory to the Franchisor. The Studio Manager will be required to always maintain their True Movement Method® certification when they are serving as the Studio Manager. If there is more than one (1) Guarantor, the Franchisor shall have the right, in its sole discretion, to require that only one (1) Guarantor attend and complete the Initial Training.

## **7.02 True Movement Method® Certification Training**

Each person employed or retained by the Franchisee to provide assessments and True Movement Method® training to customers of the Franchised Business shall attend and satisfactorily complete the True Movement Method® Level 1 certification training. Such training shall be conducted by the Franchisor from time to time at the Franchisor's head office or other location designated by the Franchisor. Except as provided in Section 7.01, the Franchisee shall pay to the Franchisor the then-current fee for such training and in all cases shall be responsible for all wages and other compensation payable to its attendees attending this training. At the request of the Franchisee, the Franchisor may provide the True Movement Method® Level 1 certification training at the Franchisee's True Movement® Studio in which event, the Franchisee shall reimburse the Franchisor for all travel, accommodation and living expenses incurred by the Franchisor's trainers during this training.

Currently, there is no fee for training of your Studio Manager if conducted as part of the initial opening. We retain the right to charge a reasonable fee. If you later retain a new Studio Manager who is not yet certified in the True Movement Method® and who attends training after your initial opening, there will be a \$1,000 fee for True Movement Method® certification training, which the Franchisee must pay. We reserve the right to waive this fee or reasonably increase it.

The Franchisee bears the responsibility to ensure that instructors at the Franchised Business train clients within the bounds of the True Movement Method® certification level that the instructor has successfully completed. The Franchisee must also ensure that instructors while working at the Franchised Business only teach the True Movement Method® and True Movement® classes. Instructing, teaching, or training any clients or classes at the Franchised Business other than the True Movement Method® is a material breach of this Agreement.

## **7.03 Opening Assistance**

As part of the Franchisor's initial business operations training program, the Franchisor agrees to provide on-site assistance for five (5) business days during the opening of the Franchised Business.

## **7.04 Continuing Assistance**

The Franchisor agrees to furnish to the Franchisee such continuing advice and guidance as is from time to time reasonably required by the Franchisee in connection with the Franchisee's operation of the Franchised Business, including advice and guidance with respect to the following:

- (a) training employees of the Franchised Business by the Franchisee;
- (b) inventory and supplies for the Franchised Business;
- (c) the establishment and maintenance of accounting, inventory control and general

operating procedures; and

(d) customer service.

#### **7.05 Additional Training, Seminars and Conferences**

The Franchisor may from time to time make available to the Guarantors, the Studio Manager and other personnel of the Franchisee additional training programs, seminars or conferences at such times and places as the Franchisor reasonably determines. The Franchisee shall be responsible for all course or attendance fees and shall also be responsible for the travel, accommodation and living expenses incurred by its attendees attending any additional training program, seminar or conference. A Guarantor or the Studio Manager shall attend each annual conference held during the Term, and the Guarantors and such of Franchisee's personnel as the Franchisor may designate shall attend any additional training programs and seminars. Conference and course fees and travel and living expenses incurred because of the Guarantors and its personnel attending any such courses, seminars or conferences as well as the costs and expenses of the Franchisor's personnel attending at the Franchised Business for any additional training, shall be borne by the Franchisee.

Each certified True Movement® trainer shall also complete, on an annual basis, such additional training programs and modules as the Franchisor designates from time to time, which programs and modules are presently available virtually by way of a web-based classroom platform or other online resource. Trainers of the True Movement Method® must progress to the next highest level of certification every four years. For example, if a trainer obtains Level 1 certification in year one of the studio's operation, by the end of year four, that trainer must have completed training for Level 2 certification.

In the future these web-based continuing education classes may be also provided in person at the Franchised Business or the True Movement headquarters. The employee will pay for the additional training programs or modules directly to the Franchisor, or the Franchisee may elect to cover the costs of these classes for employees. The Franchisor recommends that the Franchisee cover the cost of these trainings for regular and long-term trainers to encourage professional development and quality instruction.

Trainers of the True Movement Method® must have 15 hours of True Movement Method® continuing education credits earned every two years. Such continuing education training will be conducted by the Franchisor from time to time on-line.

#### **7.06 Special Assistance**

Upon reasonable written request of the Franchisee, the Franchisor will use its reasonable best efforts to furnish assistance to the Franchisee to aid with specific problems which are beyond the scope of the Franchisor's obligations in Section 7.03 hereof. The Franchisee agrees to reimburse the Franchisor promptly for the actual time expended and actual expenses incurred by the Franchisor in providing such assistance.

## **7.07 Manual**

The Franchisor will provide to the Franchisee intranet access to, or loan a copy of, the Manual for the Franchisee's use during the term of this Agreement. The Franchisor may modify the Manual from time to time to reflect changes in the System. From time to time as the Manual is amended, the Franchisee agrees to insert all new pages in their proper places in the Manual and remove and immediately destroy the old, superseded pages. The Manual, including all new pages and all superseded pages shall remain the property of the Franchisor. The master copy of the Manual maintained by the Franchisor at its head office will govern any dispute between the parties regarding the contents of the Manual.

## **7.08 Advertising Programs**

Upon determination by the Franchisor that there are a sufficient number of True Movement Studios in the System, the Franchisor will use the Advertising Fees payable pursuant to Section 5.03 hereof to formulate, develop and conduct advertising and promotional programs (the "**Advertising Programs**") for the True Movement System. The Advertising Programs may include, without limitation, maintenance and updating of the True Movement website and other brand level online platforms and social media accounts, design costs for advertising copy, business cards, in-store signage and public relations and promotional campaigns. True Movement Studios owned by the Franchisor or its Affiliates will pay Advertising Fees in the same amount as franchisees.

All costs (including reasonable administrative costs and overhead incurred by the Franchisor in connection with the Advertising Programs) shall be paid from Advertising Fees received by the Franchisor from its franchisees, including the Franchisee.

The Franchisee understands and acknowledges that the Advertising Programs are intended to maximize general public recognition and acceptance of True Movement Studios for the benefit of all franchisees in the System and the Franchisor undertakes no obligation to ensure that any particular franchisee, including the Franchisee, benefits directly or pro rata from the placement or conduct of the Advertising Programs.

All decisions from time to time respecting the development and conduct of the Advertising Programs, the scope of advertising to be carried on and the selection of the particular media and advertising content shall be within the sole discretion of the Franchisor.

The Franchisor shall furnish to the Franchisee upon request, but no more frequently than annually, an accounting of the receipts and disbursements pertaining to the Advertising Programs.

## **ARTICLE 8.00 OBLIGATIONS OF THE FRANCHISEE**

### **8.01 Comply with Standards**

Throughout the term of this Agreement, the Franchisee shall comply with all specifications, standards and operating procedures from time to time prescribed by the Franchisor, in the

Manual or otherwise, relating to the System, the True Movement Method and to the operation of the Franchised Business, including without limitation:

- (a) the nature, type and quality of services offered for sale from the Franchised Business;
- (b) the safety, maintenance, cleanliness, function and appearance of the Franchised Business, the Premises and the Equipment and Furnishings;
- (c) the general appearances of employees, trainers and managers of the Franchised Business;
- (d) the use of the Marks; and
- (e) the hours during which the Franchised Business will be open for business, subject to the terms of the Lease and having regard to the market area in which the Franchised Business is located.

All such specifications, standards and operating procedures shall be reasonable and shall comply with the requirements of all applicable laws, by-laws and regulations. Specifications, standards and operating procedures prescribed from time to time by the Franchisor in the Manual, or otherwise communicated to the Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein.

#### **8.02 Management and Operation of the Franchised Business**

The Franchised Business shall at all times be under the direct supervision of the Studio Manager who has satisfactorily completed the Franchisor's initial training program. The parties acknowledge and agree that it is essential to the proper and efficient operation of the Franchised Business that it will at all times be under the direct, full-time supervision of such manager who shall, during the term of this Agreement, devote full time and attention to the operation of the Franchised Business. The Studio Manager shall be the individual who shall primarily work with the Franchisor's designated sales and business consultant referenced in Section 3.07 above.

The Franchisee is required to at all times employ or retain at least three (3) personnel, in addition to the Studio Manager, who have completed the Certification Training to provide assessments and True Movement Method training to customers of the Franchised Business.

#### **8.03 Licenses and Permits**

The Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, by-laws and regulations.

#### **8.04 Insurance**

The Franchisee agrees to maintain in full force throughout the term of this Agreement such insurance coverage as the Franchisor may from time to time require, as specified in the

Manual or otherwise (including without limitation, fire and extended coverage insurance on the Equipment and Furnishings, leasehold improvements, supplies and inventory of the Franchised Business and business interruption insurance), fully protecting the Franchisor, its Affiliates and the Franchisee against loss or damage occurring in conjunction with the operation of the Franchised Business. All costs in connection with such insurance shall be borne by the Franchisee and coverage shall be in such amounts as the Franchisor in its absolute discretion from time to time deems appropriate or as may be required under the Lease. The Franchisor shall have the right to designate the insurance provider from whom such insurance shall be obtained. The Franchisor shall be an additional named insured in all such policies.

Prior to the opening of the Franchised Business and thereafter, at least thirty (30) days prior to the expiration of any such policy or policies, the Franchisee shall deliver to the Franchisor certificates of insurance evidencing the required insurance coverage from time to time with limits not less than those required by the Franchisor, and all such certificates shall expressly contain endorsements requiring the insurance company to give the Franchisor at least thirty (30) days prior written notice in the event of material alteration to, termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within thirty (30) days after the filing of such claim.

If the Franchisee at any time fails or refuses to maintain any insurance coverage required by the Franchisor or to furnish satisfactory evidence thereof, the Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of the Franchisee, and the Franchisee shall pay to the Franchisor, on demand, any premiums incurred by the Franchisor in connection therewith. The Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing insurance shall not be limited in any way by reason of any insurance which may be maintained by the Franchisor and Franchisee's insurance shall be primary and non-contributory, nor shall the Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 14.02 hereof. Notwithstanding the existence of such insurance, the Franchisee is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchised Business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom.

#### **8.05 Equipment and Furnishings**

The Franchisee agrees to use in the operation of the Franchised Business only such Equipment and Furnishings as is from time to time authorized by the Franchisor and which conforms to the appearance, uniform standards and specifications of the Franchisor. The Franchisee shall have available at all times for use at the Franchised Business twelve (12) True Movement Platforms. Each item of Equipment and Furnishings from time to time used in connection with the Franchised Business shall be maintained in good order and repair and the Franchisee shall cause the same to be replaced as it becomes obsolete or mechanically impaired. All Equipment and Furnishings shall be purchased or leased from the Franchisor or from suppliers approved by the Franchisor.

#### **8.06 Condition and Appearance of the Franchised Business**

The Franchisee agrees to maintain the condition and appearance of the Premises and the Equipment and Furnishings in a manner consistent with the image of an attractive, modern, clean, convenient and efficiently operated True Movement Studio, offering high quality products and services. The Franchisee agrees to effect such maintenance and refurbishing of the Premises and the Equipment and Furnishings as is reasonably required from time to time to maintain such condition, appearance and efficient operation including without limitation, replacement of any item of Equipment and Furnishings which is worn-out or obsolete and the repair of the interior and exterior of the Premises. All such maintenance shall be at the Franchisee's expense. If at any time in the Franchisor's reasonable judgment the general state of repair, appearance or cleanliness does not meet the Franchisor's standards, the Franchisor may notify the Franchisee specifying the action to be taken. If the Franchisee fails to take such action within fifteen (15) days after receipt of Notice from the Franchisor, the Franchisor may, without prejudice to any other rights or remedies under this Agreement, cause such repair or maintenance to be done, at the sole cost and expense of the Franchisee. The Franchisee shall reimburse the Franchisor, on demand, for all costs and expenses incurred in connection therewith.

#### **8.07 Inspections**

The Franchisee agrees to permit the Franchisor or its authorized representatives to enter and inspect the Premises and to examine and test the Equipment and Furnishings, supplies, goods and services for the purposes of ascertaining whether the Franchisee is operating the Franchised Business in accordance with the System and the terms of this Agreement. Inspections may be conducted at any time during regular business hours and without prior notification to the Franchisee. The Franchisor may notify the Franchisee of any deficiencies detected during such inspections and the Franchisee shall diligently and promptly correct any such deficiencies in accordance with the terms of such notification.

#### **8.08 Authorized Products and Services**

The Franchisee shall, in the operation of the Franchised Business, use only the True Movement Platform and such other equipment, supplies and products as are authorized from time to time by the Franchisor for use in accordance with System. The Franchisee shall advertise and offer for sale from the Premises only the True Movement Method and such other such products and services as may be designated from time to time by the Franchisor and shall not advertise or offer for sale any unauthorized goods or services on or from the Premises or in connection with the operation of the Franchised Business.

#### **8.09 Designated and Approved Suppliers**

All Equipment and Furnishings and other materials, supplies and inventory used at the Franchised Business shall be purchased solely from the Franchisor or its Affiliates or from suppliers who have been designated or approved by the Franchisor in the Manual or otherwise by the Franchisor in writing.

#### **8.10 Credit Cards etc.**

The Franchisee agrees to have arrangements in existence with such credit card issuers or sponsors and electronic funds or debit card transfer systems as the Franchisor designates or approves in writing from time to time to enable the Franchisee to accept customer's credit cards, cheques and other methods of payment for goods supplied or for services rendered in connection with the operation of the Franchised Business.

#### **8.11 Maintain Working Capital**

During the term of this Agreement, the Franchisee agrees to maintain at all times sufficient working capital for the Franchised Business to enable the Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities hereunder and to operate the Franchised Business in a proper, efficient and effective manner.

#### **8.12 Customer and Public Relations**

The Franchisee agrees to at all times maintain a sufficient number of adequately trained personnel to service all customers of the Franchised Business. The Franchisee further agrees to ensure that prompt, courteous and efficient service is at all times rendered to customers of the Franchised Business and agrees to adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with the Franchisee's personnel, customers and suppliers.

#### **8.13 Local Advertising**

The Franchisee shall participate in System promotions and loyalty and gift card programs as specified from time to time by the Franchisor. Further, the Franchisee shall use its best efforts to promote and increase the demand for the goods and services of the Franchised Business through local advertising and promotion in the Franchisee's market area. The Franchisee shall expend on local advertising and promotion in the Territory not less than Two Thousand Dollars (\$2,000) each month during the Term and shall provide to the Franchisor from time to time, upon request, reasonable evidence of such expenditures. All advertising and promotion conducted by the Franchisee shall be in compliance with the policies and procedures for such advertising and promotion as set out in the Manual from time to time, shall be completely factual and shall conform to the highest standards of ethical advertising. The Franchisee shall submit any proposed advertisement or promotional material to the Franchisor for its written approval prior to use thereof by the Franchisee and the Franchisee will not engage in any unapproved marketing or promotion of the Franchised Business.

The Franchisee acknowledges and agrees that it shall not establish or create a website, internet domain name or have any other internet presence on social media sites (including without limitation, Instagram, Facebook and Twitter) in connection with the System, the Marks or the Franchised Business, without the express written consent of the Franchisor, which consent may be given or withheld in the sole discretion of the Franchisor. If the Franchisee is, at any time, given consent to participate in any internet-based social media, the Franchisee shall comply with the Franchisor's policies and standards from time to time for such social media participation.

#### **8.14 Failure to Comply**

In addition to, but not in substitution of, the indemnity provisions set out in Section 14.02 hereof, the Franchisee shall reimburse the Franchisor on demand for all costs and expenses incurred by the Franchisor (including without limitation, the Franchisor's costs of re-training the Guarantor(s) or a Studio Manager, legal and accounting costs and the costs and expenses of the Franchisor's personnel) to enforce compliance from time to time by the Franchisee with its obligations under this Agreement. The Franchisee acknowledges that the Franchisor shall have the right to reimburse itself for such costs and expenses out of any pre-authorized payment plan or electronic funds transfer system in effect as contemplated in Section 5.07 hereof.

### **ARTICLE 9.00 ASSIGNMENT**

#### **9.01 Assignment by the Franchisor**

The Franchisor may assign any or all of its rights arising from this Agreement, provided that the assignee agrees in writing to assume all obligations undertaken by the Franchisor herein relating to the rights so assigned. Upon such assignment and assumption, the Franchisor shall be relieved of all further liability hereunder.

#### **9.02 Assignment by Franchisee**

The franchise and license granted under this Agreement are personal to the Franchisee. Therefore, during the term of this Agreement, the Franchisee shall not sell, assign, transfer, mortgage, charge, grant a security interest in or otherwise encumber (collectively "**Transfer**") any of the Franchisee's right and interest hereunder or in any assets of the Franchised Business, nor shall any of the Guarantors Transfer any of their equity interests in the Franchisee nor shall the Franchisee amalgamate, merge, reorganize, or engage in any similar proceeding, without in each case obtaining the prior written consent of the Franchisor, which consent may not be unreasonably withheld. Any actual or purported Transfer without the Franchisor's prior written consent shall be a material default of this Agreement and shall be null and void.

If the Franchisee desires to effect a Transfer, the Franchisee shall submit to the Franchisor a copy of the offer relating to the proposed Transfer, information relating to the character and business background and experience of the proposed transferee and such other information as the Franchisor may require together with the sum of Two Thousand Five Hundred Dollars (\$2,500.00) plus Applicable Taxes, which amount is non-refundable and

will be used by the Franchisor to evaluate the offer and the proposed transferee. If the Transfer is completed, these funds will be applied against payment of the transfer fee. The Franchisee agrees that the Franchisor shall not be under any obligation whatsoever to consider any proposed Transfer by the Franchisee if (i) the Franchisee or any Guarantor hereto is in default of any of the provisions of this Agreement or any other agreement with the Franchisor or any Affiliate, or (ii) the offer relating to the proposed Transfer contains any conditions preventing the offer from becoming a binding agreement, other than for the conditions that the consent of the Franchisor and the consent of the landlord of the Premises (if required) to the Transfer must be obtained.

Any proposed Transfer shall be effected only if all conditions imposed by the Franchisor are complied with. In exercising its discretion to grant or withhold consent, the Franchisor will consider, among other things, the qualifications, apparent ability and credit standing of the proposed transferee. In addition, the Franchisor shall be entitled to require as conditions precedent to the granting of its consent that:

- (a) there shall be no existing default in the performance or observance of any of the Franchisee's obligations under this or any other agreement between the Franchisee and the Franchisor or its Affiliates or with any supplier of the Franchised Business;
- (b) the Franchisee shall have settled all outstanding accounts with the Franchisor, its Affiliates and all trade creditors of the Franchised Business;
- (c) the Franchisee and each of the Guarantors shall have delivered to the Franchisor a complete release of their claims against the Franchisor, its Affiliates and their respective equity holders, directors, managers, and officers, in form satisfactory to the Franchisor which release shall exclude therefrom any rights that the Franchisee or the Guarantors may have under applicable franchise law;
- (d) the proposed transferee and its equity holders shall have agreed to complete, forthwith following completion of the Transfer, all such maintenance, refurbishing, renovating and remodeling of the Premises and the Equipment and Furnishings as the Franchisor reasonably requires to meet the System standards then in effect;
- (e) the proposed transferee and its equity holders shall have entered into a written assignment, assuming and agreeing to discharge all of the Franchisee's obligations under this Agreement or, at the option of the Franchisor, shall enter into the Franchisor's then-current form of franchise agreement and all other agreements then being required by the Franchisor in the grant of franchises;
- (f) if required by the Franchisor, the proposed transferee shall have paid to the Franchisor the Franchisor's then-current cost of providing training and shall have satisfactorily completed the Franchisor's training program then in effect for all new franchisees;
- (g) the Franchisee shall have paid to the Franchisor a transfer fee in an amount equal to fifty percent (50%) of the Franchisor's then-current initial franchise fee; and

- (h) the Franchisor is reasonably satisfied that the proposed transfer terms and other factors involved in the transfer do not materially impair the transferee's ability to assume and carry out its obligations effectively; however, the Franchisor has no duty to consider such factors.

### **9.03 Death/Disability**

In the event of the death or permanent disability of a Guarantor, except the last Guarantor to die or become permanently disabled, he (the "**Disabled Party**") or his estate shall, within ninety (90) days of the occurrence of such death or permanent disability, sell to the surviving Guarantors all of the Disabled Party's equity interests in the Franchisee, for such price and upon such other terms and conditions as may be agreed upon by the vendor and the purchaser.

In the event of the death or permanent disability of the last of the Guarantors to die or become so disabled, or where there is only one Guarantor, then upon his death or permanent disability, the Franchisee shall, within ninety (90) days of the occurrence of such death or disability, assign all of its right, title and interest in and to this Agreement, the Lease and the property and assets used in connection with the operation of the Franchised Business to another person acceptable to the Franchisor. Such transfer shall be effected in compliance with the terms and conditions of Section 9.02 hereof.

### **9.04 Option to Terminate**

If the disposition of the Franchised Business to a person acceptable to the Franchisor has not taken place within ninety (90) days as required by Section 9.03, the Franchisor shall thereafter have the continuing option, exercisable upon ten (10) days' Notice to the Disabled Party or his estate, of terminating this Agreement and the franchise herein granted. If the Franchisor so elects, the provisions of Article 10.00 shall thereupon become applicable.

### **9.05 Deemed Disability**

For the purposes of Section 9.03 hereof, a person shall be deemed to be permanently disabled if his normal participation in the Franchised Business is for any reason curtailed by reason of mental or physical disability for a cumulative period of ninety (90) days in any twelve (12) month period during the term of this Agreement.

### **9.06 No Security Interest**

Neither this Agreement nor any of the rights conferred on the Franchisee hereunder nor any interest in the Franchisee shall be retained by the Franchisee or the Guarantors as security for the payment or performance of any obligations that may arise by reason of any Transfer.

## **ARTICLE 10.00     TERMINATION**

### **10.01   Events of Termination**

This Agreement and the rights of the Franchisee hereunder may, at the option of the Franchisor, be terminated upon the occurrence of any of the following events, such termination to be effective immediately upon receipt of Notice to that effect by the Franchisee:

- (a) if the Franchisee has not entered into a lease for the Premises within nine (9) months of execution of this Agreement as provided in Section 3.02 hereof;
- (b) if the Franchisee or a Guarantor has made a material misrepresentation on its application for a True Movement Studio franchise;
- (c) if the Franchisee fails to pay when due any amount owing to the Franchisor, its Affiliates or any supplier to the Franchised Business, whether pursuant to this Agreement or otherwise, and such default continues for a period of five (5) days;
- (d) if the Franchisee fails to observe or perform any of its other obligations on its part contained herein or in any other agreement or undertaking entered into or made in favor of the Franchisor or any of its Affiliates, and such default is not remedied within fifteen (15) days of receipt of Notice from the Franchisor to cure same;
- (e) if the Franchisee fails to furnish reports, financial statements, tax returns, or any other documentation required by this Agreement at the time specified therefore and such breach is not remedied within fifteen (15) days of receipt of Notice from the Franchisor to remedy such breach;
- (f) if the Franchisee, for a reason other than clerical error, understates Gross Revenue for any period by more than two percent (2%) or by reason of clerical error understates Gross Revenue for any period by more than two percent (2%) on more than two (2) occasions in a twelve (12) month period;
- (g) if the Franchisee loses the right to possession of the Premises or the Lease is terminated as a result of the default of the Franchisee;
- (h) if the Studio Manager fails to satisfactorily attend and participate in all classes for the Level 1 True Movement Method® certification training and fails to successfully complete the Initial Training for operation of the Franchised Business;
- (i) If the Guarantor fails to successfully complete the Initial Training for operation of the Franchised Business;
- (j) if the Franchisee or any Guarantor purports to assign any property without fully complying with the requirements of Article 9.00 hereof;
- (k) if the Franchisee engages in any conduct or practice which, in the reasonable opinion

of the Franchisor, reflects unfavorably upon or is detrimental to the Marks, to the good name, goodwill or reputation of the Franchisor or to the business reputation or goodwill of its franchisees or the System generally and the Franchisee fails to cease such conduct or practice within five (5) days from receipt of Notice thereof from the Franchisor;

- (l) if the Franchisee has received from the Franchisor during any consecutive twelve (12) month period, three or more Notices relating to a default hereunder (whether such Notices relate to the same or different defaults and whether or not such defaults have been remedied by the Franchisee);
- (m) if the Franchisee makes a general assignment for the benefit of creditors, has a receiver or similar custodian appointed or makes a disposition of substantially all of its assets, or any of the assets of the Franchised Business are seized, taken over or foreclosed upon, if the Franchisee institutes any proceeding, or becomes the subject of any proceeding, relating to insolvency or bankruptcy, if the Franchisee becomes administratively dissolved or otherwise, or takes steps to initiate the winding-up, dissolution, or liquidation of either the Franchisee or any Guarantor, or if the Franchisee becomes insolvent or is unable to meet all of its obligations as they become due; or
- (n) if the Franchisee ceases or takes any steps to cease operation of the Franchised Business.

## **10.02 Right to Manage**

Without waiving any right it may have to terminate this Agreement, if the Franchisor determines acting reasonably, that the operation of the Franchised Business poses a risk to the health and safety of the employees or customers of the Franchised Business, the Franchisor shall have the right, at any time and from time to time during the term of this Agreement, to enter upon and assume operation and management of the Franchised Business, for such time as it determines, on behalf of the Franchisee. All costs and expenses of such operation and management shall be for the account of the Franchisee and shall be paid to the Franchisor on demand.

## **10.03 Obligations On Termination**

Upon the expiry or termination of this Agreement for any reason all rights of the Franchisee hereunder shall be at an end and the Franchisee shall immediately: (i) pay to the Franchisor and its Affiliates all amounts owing as at the date of termination; (ii) cease to use the System and the Marks, by advertising or otherwise; (iii) remove the Marks from all signs, letterhead and all other documents or forms of whatever character in the possession of or under the control of the Franchisee; and (iv) return to the Franchisor all signage, advertising materials, all copies of the Manual and any other items imprinted with any of the Marks which are in the possession of, or under the control of, the Franchisee. If the Franchisor elects not to take an assignment of the Lease, as contemplated in Section 10.06 hereof, the Franchisee shall discontinue all use of the Marks at the Premises and shall, at the Franchisee's expense, make such modifications to the interior and exterior of the Premises as the Franchisor requires to

de-identify the Premises as a True Movement Studio. The Franchisee shall execute such documents and take such action as the Franchisor may deem necessary or advisable to evidence the fact that the Franchisee has ceased use of the Marks and has no further interest or right thereunder.

#### **10.04 Transfer of Telephone Numbers and Listings**

It is agreed between the parties that following termination or expiry of this Agreement, all interest in and rights to use all telephone numbers and all listings applicable to the Franchised Business, including without limitation all social media listings, shall be transferred to or vested in the Franchisor and the Franchisor shall thereupon have the full and exclusive right to use such numbers and listings or to authorize the use thereof by another franchisee of the Franchisor. The Franchisee hereby appoints the Franchisor as its attorney in fact to direct the telephone company and all listing agencies to transfer such numbers and listings to the Franchisor or as it may in writing direct. Any amounts owing by the Franchisee on account of such numbers or listings shall be paid forthwith by the Franchisee.

#### **10.05 Option to Purchase**

For a period of thirty (30) days following the termination or expiry of this Agreement, the Franchisor shall have the option, exercisable by Notice to the Franchisee, to purchase all Equipment and Furnishings, inventory and supplies owned and used by the Franchisee in connection with the operation of the Franchised Business, or to purchase only the True Movement Platforms owned and used by the Franchisee at the Franchised Business, at a price equal to the lesser of the book value and the fair market value of the property in question. Such purchase price shall not contain any factor or increment for goodwill or other intangibles and the Franchisor may exclude from the assets purchased any Equipment and Furnishings, inventory and supplies which, in the reasonable opinion of the Franchisor, are obsolete, damaged or otherwise not in marketable or usable condition. If the parties cannot agree upon the fair market value of such assets within a period of ten (10) business days following the exercise of the option by the Franchisor, an independent appraiser shall be designated by the Franchisor and its determination of the fair market value shall be binding and no appeal shall lie therefrom. If the Franchisor elects to exercise its option to purchase, it shall be entitled to set off against the purchase price all amounts owing by the Franchisee to the Franchisor or any of its Affiliates under this or any other agreement and the cost of any appraisal. If the Franchisor exercises its option to purchase, the transaction of purchase and sale shall be closed on a date to be determined by the Franchisor. The Franchisee shall deliver against payment of the purchase price a bill of sale with the usual covenants as to title, together with such other documents as may be reasonably required to complete the transaction of purchase and sale.

#### **10.06 Assignment of Lease**

The Franchisee shall, at the option of the Franchisor, assign to the Franchisor all of the Franchisee's right, title and interest in and to the Lease. Concurrently with such assignment, the Franchisee shall pay to the Landlord all amounts owing by the Franchisee on account of rent and other charges payable under the Lease to the effective date of such assignment.

#### **10.07 Right of Entry**

Forthwith upon the expiry or termination of this Agreement, the Franchisor may enter upon, occupy and use all or any part of the Premises and any Equipment and Furnishings and other property and assets located in, on or about the Premises and used in connection with the operation of the Franchised Business. The Franchisor shall not be liable for any trespass or neglect in so doing or in respect of any depreciation or damages in connection with such action. All revenues, monies, profits, benefits and advantages derived from the management and operation of the Franchised Business throughout the Franchisor's period of occupation shall be for the exclusive account of the Franchisor, and the Franchisor shall pay and discharge all debts and liabilities incurred by it during the period of its occupation. In addition, the Franchisor shall have the option, but not the obligation, to pay all amounts owing by the Franchisee to any creditor of the Franchised Business and any amount so paid shall be chargeable to the Franchisee and shall be paid by the Franchisee to the Franchisor forthwith upon demand. The Franchisor shall not have any obligation to retain any employee or contractor of the Franchised Business or to honor any contractual commitments previously made by the Franchisee in connection therewith and any liability with respect thereto shall be exclusively borne and paid for by the Franchisee. If the Franchisor elects to retain any employee or contractor, such arrangements shall be pursuant to a new employment or contractor agreement between the Franchisor and such person. Any claim of such employee or contractor for unpaid salary, compensation, vacation pay or other benefits arising from its employment or other contracting arrangement with the Franchisee shall be the exclusive responsibility of and be paid solely by the Franchisee.

#### **10.08 Settlement of Accounts**

Upon the earlier of: (i) ninety (90) days after the expiry or termination of this Agreement; and (ii) the closing of the transaction of purchase and sale contemplated in Section 10.05 hereof, if any, there shall be an accounting between the Franchisee and the Franchisor and its Affiliates with respect to any monies due by each to the other under this or any other agreement and each of the parties agrees to promptly pay to the other, by certified cheque, bank draft or wire transfer, whatever monies shall be found to be owing by each to the other. If this Agreement has been terminated as a result of the default of the Franchisee, the Franchisee shall pay to the Franchisor all costs and expenses (including legal fees on a solicitor and client basis) incurred by the Franchisor as a result of such default and the Franchisor may set off an amount equal to such costs and expenses from any amount owing by the Franchisor to the Franchisee pursuant to the aforesaid accounting.

## **ARTICLE 11.00     RESTRICTIVE COVENANTS**

### **11.01   Confidentiality**

The Franchisee and the Guarantors acknowledge that in connection with the operation of the Franchised Business, the Franchisor will be disclosing to them certain confidential information and trade secrets of the System. The Franchisee and the Guarantors each hereby agree that they will not, either directly or indirectly, use or divulge any such trade secrets or confidential information, except that during the term of this Agreement the Franchisee may use such trade secrets and confidential information solely for the purpose of conducting the Franchised Business in accordance with the provisions of this Agreement and may divulge such trade secrets and confidential information to its employees, in circumstances of confidence and on a “need-to-know” basis. The Franchisee agrees to use its reasonable best efforts to maintain and to cause its employees, trainers and agents to maintain the confidentiality of all such information and trade secrets. The Franchisee agrees to use its reasonable best efforts to obtain from the foregoing persons, upon request by the Franchisor, written covenants, in form and terms prescribed from time to time by the Franchisor, to maintain confidentiality.

### **11.02   Non-Competition During Term**

The Franchisee will at all times faithfully, honestly and diligently perform its obligations hereunder and will continuously exert its best efforts to promote and enhance the Franchised Business. In addition, the Franchisee and each of the Guarantors agree that none of them will during the term of this Agreement (without the prior written consent of the Franchisor) directly or indirectly in any manner whatever or in any capacity whatever, carry on, be engaged in, be concerned with, be interested in, advise, lend money to, guarantee the debts or obligations of or permit any of their names or any part thereof, to be used or employed by any person who is engaged in, concerned with or interested in the provision of training programs focused on stability, mobility and strength training.

### **11.03   Post-Term Non-Competition**

The Franchisee and the Guarantors acknowledge that the Franchisor’s name, the Marks, the business reputation and the goodwill associated therewith, the methods and techniques employed by the Franchisor, the training and instructions to be provided hereunder, the knowledge of the services and methods of the Franchisor and the opportunities, associations and experiences established and acquired by the Franchisee hereunder are of considerable value. Therefore, in the event of termination or expiry of this Agreement for any reason whatsoever, the Franchisee and the Guarantors shall not (without prior written consent of the Franchisor) at any time during the period of two (2) years from the date of such termination or expiry, either individually or in partnership or jointly or in conjunction with any person, as principal, agent, equity holder or in any other manner or capacity whatsoever, carry on, be engaged in, be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed by any person engaged in or concerned with or interested in any business engaged in the development, operation, franchising or management of training programs focused on stability, mobility and strength training anywhere within a radius of ten (10) kilometers of

the Premises or any other premises at which a True Movement Studio is operated at the date of termination or expiry of this Agreement.

The parties acknowledge and agree that if the foregoing covenant is determined by a court of competent jurisdiction to be unreasonable, whether as to the scope of the restriction, the geographic area of the restriction or the duration of the restriction, then such restriction shall be reduced to that which such court declares is reasonable.

#### **11.04 Non-Solicitation**

The Franchisee and the Guarantors agree that during the term of this Agreement and for a period of one (1) year thereafter, none of them will divert or attempt to divert any business or customer of the Franchised Business to any other competitive establishment, by direct or indirect inducement or otherwise.

#### **11.05 Waiver of Defenses**

The Franchisee and the Guarantors agree that the restrictions contained in this Article 11.00 are reasonable and necessary in order to protect the legitimate business interest of the Franchisor, and all defenses to the strict enforcement of such restrictions by the Franchisor are hereby waived.

### **ARTICLE 12.00 GUARANTEE**

Each of the Guarantors hereby jointly, severally, irrevocably and unconditionally guarantees payment, observance and performance to the Franchisor of all present and future obligations of any nature or kind owing by the Franchisee to the Franchisor or any of its Affiliates, whether direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred, and whether the Franchisee is bound alone or with others and whether as principal or as surety (such obligations being hereinafter called the “**Obligations**”). This Guarantee is a continuing guarantee of all the Obligations. The Franchisor shall not be bound to exercise or exhaust its recourse against the Franchisee or any other person, or against any other guarantees or any security it may at any time hold, before being entitled to full payment, observance and performance from the Guarantors of the Obligations. Each of the Guarantor’s liability to make payment, observance and performance of the Obligations under this Guarantee shall arise upon the Franchisor making demand in writing of any Guarantor.

Without in any way lessening the Guarantors’ liability under this Guarantee, and without obtaining the consent of or giving Notice to the Guarantors, the Franchisor may discontinue, reduce, increase or otherwise vary the credit of the Franchisee, may grant renewals, extensions, indulgences and releases to, and may accept from or otherwise deal with, the Franchisee and others in such manner as the Franchisor may see fit. The Franchisor may apply all monies received from the Franchisee or others or from securities or guarantees towards such part of the Obligations as the Franchisor may in its sole discretion determine. The obligations of the Guarantors under this Guarantee shall not be released, discharged or in any way be affected by any change, alteration or modification of this Agreement or by the bankruptcy or insolvency of the Franchisee, or by any other loss of capacity of the Franchisee or by any other act or proceeding in relation to the Franchisee or this or any other

agreement or any other thing whereby the Guarantors might otherwise be released.

Until payment, observance and performance in full of the Obligations, the Guarantors shall not claim any set-off or counterclaim against the Franchisee in respect of any liability of the Franchisee to the Guarantors or claim or prove in the bankruptcy or insolvency of the Franchisee in competition with the Franchisor or have any right to be subrogated to the Franchisor. All present and future debts and liabilities of the Franchisee to the Guarantors are hereby postponed to the Obligations and all monies received by the Guarantors in respect thereof shall be received in trust for the Franchisor and forthwith upon receipt shall be paid over to the Franchisor, the whole without in any way lessening or limiting the liability of the Guarantors under this Guarantee. This postponement is independent of the Guarantee and shall remain in full force and effect until payment, observance and performance in full to the Franchisor of all of the Obligations is made, notwithstanding that the liability of the Guarantors under this Guarantee may have been terminated.

Neither the Franchisee nor the Guarantors shall be bound by any representation, warranty, promise or other inducement made by any person relating to this Guarantee which is not expressly set out herein or in any documents delivered in connection herewith or contemplated hereby. The Franchisor is not bound by any representations, warranties, promises or other inducements made by the Franchisee to the Guarantors and execution of this Agreement by the Franchisor shall be conclusive evidence against the Guarantors that this Agreement was not delivered in escrow or pursuant to any Agreement that it should not be effective until any condition precedent or subsequent has been met. This Guarantee shall not be discharged or affected by the death of any of the Guarantors.

## **ARTICLE 13.00     DISPUTE RESOLUTION**

### **13.01   Limitations on Claims**

The Franchisee agrees that its sole recourse for claims arising between the parties will be against the Franchisor or its successors and assigns. No party will be entitled to an award of punitive or exemplary damages, except to the extent that such damages were awarded against a party in favor of a third party. No previous course of dealing will be admissible to explain, modify, or contradict the terms of this Agreement. The Franchisor's liability under this Agreement, regardless of the form of action, shall be limited to actual damages and the total liability to the Franchisee for all damages shall not exceed amounts paid by the Franchisee to the Franchisor for the initial franchise fee and for royalties under Sections 5.01 and 5.02.

### **13.02   Statement of Dispute**

Prior to initiating mediation or arbitration to resolve any dispute between the parties, each party agrees that it will notify the other party in writing of any dispute, claim or controversy arising under, out of or relating to this Agreement and any subsequent amendment of this Agreement, the parties' relationship, or the Franchised Business, including, without limitation, its formation, validity, binding effect, interpretation, performance, enforceability, breach or termination, as well as non-contractual claims, that the notifying party wishes to resolve (a "**Dispute**"). Such notice shall include a statement of the Dispute, describing to

the fullest extent possible the notifying party's version of the facts surrounding the Dispute together with an explanation of its position and all elements of any claim (the "**Statement of Dispute**"). The parties shall then use their best efforts to communicate with each other to try to resolve the Dispute.

### **13.03 Mediation**

If the parties are unable to resolve their Dispute within thirty (30) days after delivery of the Statement of Dispute, the Dispute shall be submitted to non-binding mediation before pursuing any other proceedings. Any party to the Dispute may serve notice on the others of its desire to resolve a particular dispute by mediation. The mediator shall be appointed by the Franchisor from the ADR Chambers roster. The mediation will be held in Edmonton, Alberta. At least one principal of each party, with authority to settle the dispute, shall attend the mediation in person. The costs of the mediator shall be shared equally by the parties. The parties agree to participate in mediation for a minimum of 3 hours. If the dispute has not been resolved through the mediation proceedings, any party may terminate the mediation and proceed to arbitration as set out below.

### **13.04 Arbitration and Litigation**

If any Dispute is not resolved through mediation in accordance with Section 13.03 or otherwise, the Dispute shall be determined by final and binding arbitration, to the exclusion of the courts (with the exception of injunctive and certain other relief that may be sought by the Franchisor as described below), administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. If JAMS is no longer in business at the time an arbitration demand is made, the parties agree to conduct their arbitration pursuant to the Commercial Rules of the American Arbitration Association. This Agreement evidences a transaction involving interstate commerce. Notwithstanding the choice of substantive law under this Agreement, the Federal Arbitration Act will apply to the arbitration of all disputes, including the breach of this Agreement and any alleged pre-contractual representations or conduct, violations of the Racketeering Influenced or Corrupt Organizations Act (RICO), applicable federal or state franchise disclosure or franchise relationship laws, unfair trade practice laws or similar laws, as well as the scope, validity, and enforceability of the arbitration clause. The Dispute shall be determined by one arbitrator. The arbitrator shall be mutually agreed upon by the Franchisor and the Franchisee and must declare himself or herself to be generally conversant with respect to franchising in the United States. The parties expressly agree to confer upon the arbitrator the powers to fill gaps, cure contractual omissions and to perform all other activities which he or she may deem necessary and/or opportune. The seat, forum, and place of the arbitration will be in Wilmington, Delaware. Except for the appeal rights set forth below, the award of the arbitrator shall be the sole and exclusive remedy among the parties regarding any claims and counter-claims presented to the arbitrator. The parties undertake to fully and punctually abide by the award rendered by the arbitrator, failing which judgment upon the award or any other appropriate procedures may be entered or sought in any court having jurisdiction thereof to secure enforcement of said award. The final award will be payable in the lawful currency of the United States without deduction or offset and costs, fees or taxes incidental to the enforcement of the arbitration award shall be charged in accordance with the decision of the arbitrator against a party resisting enforcement. Payment of the award including interest from the date of breach and violation

shall be made in accordance with the relevant provisions of this Agreement. This Section constitutes an arbitration agreement between the parties. The costs of the arbitrator(s) and the arbitral body, including costs arising from a permitted appeal, shall be shared equally by the parties. The arbitrator may not modify the terms of this Agreement. A transcription of the hearing will be made, and the arbitrator will provide a reasoned decision in writing.

The parties will keep confidential all matters relating to the arbitration, the arbitration award and any challenge or appeal, except as may be necessary (1) to prepare for or conduct the arbitration hearing on the merits, (2) in connection with a court application for a preliminary remedy, (3) in connection with a judicial challenge to an arbitration award or its enforcement, (4) in connection with an appeal of the arbitration award, as permitted under this Agreement, or its enforcement, (5) to comply with applicable law or judicial decision, or (6) as permitted under any settlement agreement, mediation agreement or arbitration award. Notwithstanding anything in this agreement to the contrary, the Franchisor may seek a preliminary or final remedy, including, but without limitation, injunctive relief, an order for payment of any monies due and owing by the Franchisee, an order for recovery or delivery up of possession, or for specific performance, or similar relief, from any court of competent jurisdiction, as may be necessary in the Franchisor's sole judgment to protect its trademarks or other property rights, or to enforce the restrictive covenants herein, or to enforce its contractual rights hereunder in the event of any breach hereof, or in order to protect against actual or threatened conduct that on balance would cause or be likely to cause loss or damage if allowed to continue pending completion of a mediation or arbitration proceeding. Any litigation initiated by the Franchisor to seek such relief may be brought in any court having competent jurisdiction no matter where located. If a court of competent jurisdiction decides the requirement to arbitrate is unenforceable, and after any and all final appeals the decision is upheld, the parties shall litigate in a court of competent jurisdiction situated in Wilmington, Delaware. All other matters must be arbitrated. WITH RESPECT TO ANY PERMITTED LITIGATION, THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY, EXCEPT WHERE WAIVER IS PROHIBITED BY APPLICABLE FEDERAL OR STATE LAW. The Franchisee, its Affiliates and their representatives will arbitrate or litigate each dispute with the Franchisor on an individual basis. The Franchisee, its Affiliates and their representatives will not consolidate a dispute in any arbitration or litigation with a claim by any other licensee, franchisee, or other individual, or entity. The Franchisee, its Affiliates and their representatives knowingly and voluntarily agrees to waive their right to participate in any class action or mass action proceedings. The arbitration provisions shall survive the termination, expiration, or transfer of this Agreement.

### **13.05 Appeal**

The parties adopt and shall implement the JAMS Optional Arbitration Appeal Procedures or the comparable AAA provisions if JAMS is out of business (as exists on the effective date of this Agreement) with respect to a final award in an arbitration arising out of or relating to this Agreement, if that award requires the payment of monetary damages in excess of \$500,000 (with this dollar value to be indexed from the date of this Agreement based on the annual rate of inflation in the United States) or would otherwise have an adverse material effect on the Franchisor or the System. The JAMS appeal panel shall determine whether either of these appeal thresholds has been met. If the appeal panel consists of three arbitrators, the Chair shall be a retired judge from a federal court and one member shall be

a lawyer with at least 10 years' active practice in franchise law. Judgment on any revised award may be entered in any court having jurisdiction.

### **13.06 Improper Actions**

If a party (1) commences action in any court, except to compel mediation or arbitration, or except as specifically permitted under this Agreement, prior to an arbitrator's final decision, or (2) commences any arbitration or litigation in any forum except where permitted under this Agreement, then that party is in default of this Agreement. The defaulting party must commence arbitration (or litigation, if permitted under this Agreement), in a permitted forum prior to any award or final judgment. The defaulting party will be responsible for all expenses incurred by the other party as a result of this default, including legal fees. If a party defaults under any other provision of this Article 13.00, or the Franchisee names anyone in any arbitration, or legal proceedings other than the Franchisor, the defaulting party must correct its claim. The defaulting party will be responsible for all expenses incurred by the other party, or the improperly named parties, as a result of this default including legal fees, and will be liable for abuse of process.

## **ARTICLE 14.00     GENERAL CONTRACT PROVISIONS**

### **14.01 Grant of Security Interest**

As security for the performance of all obligations from time to time owing by the Franchisee to the Franchisor, the Franchisee shall, concurrently with the execution of this Agreement, execute and deliver to the Franchisor a general security agreement, in the form attached hereto as Schedule D.

### **14.02 Indemnity**

The Franchisee and the Guarantors, jointly and severally agree, during and after the term of this Agreement, to indemnify and hold harmless the Franchisor and its Affiliates and their respective officers, directors and equity holders (collectively the "**Indemnitees**") from and against any and all loss, damage, liability, costs and expenses in connection therewith incurred by the Indemnitees or any of them as a result of any violation of this Agreement by or any act of omission or commission on the part of the Franchisee or a Guarantor or any of their agents, employees or trainers and from all claims, damages, suits or rights arising from the operation of the Franchised Business.

### **14.03 Independent Contractors**

The relationship among the parties hereto is that of independent contractors and no partnership, joint venture, agency or employment is created or intended to be created by this Agreement. The Franchisee agrees that it has no authority to bind or to attempt to bind the Franchisor in any manner or form whatsoever or to assume or to incur any obligation or responsibility, express or implied, for or on behalf of or in the name of the Franchisor. The Franchisee shall use its own name in obtaining or executing contracts or making purchases so that the transactions shall clearly indicate that the Franchisee is acting on its own behalf and not on behalf of the Franchisor.

#### **14.04 Overdue Amounts**

All amounts from time to time owing to the Franchisor or its Affiliates by the Franchisee under this or any other agreement shall bear interest from and after the due date until paid in full at the lesser of (i) the Prime Bank Rate plus four percent (4%), or (ii) the maximum amount permitted by applicable law, calculated and payable monthly on the first day of each month, not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the same rate. The acceptance of any interest payment shall not be construed as a waiver by the Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to the Franchisor's right to terminate this Agreement in respect of such default.

#### **14.05 Force Majeure**

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by any causes beyond its control, including without limitation, acts or omissions of the other party, acts of civil or military authority, strikes, lockouts, pandemics, governmental orders, embargoes, insurrections, acts of God or inability to obtain supplies. The inability of a party to obtain funds shall be deemed to be a matter within the control of a party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable effort to correct the reason for the delay and gives the other party prompt notice of such delay.

#### **14.06 Notice**

All notices or other communications (collectively "Notices") by the terms hereof required or permitted to be given by one to the other shall be given in writing by personal delivery, email or other electronic transmission or by prepaid registered mail addressed to the other party as follows:

- (a) to the Franchisor at: 5424 Thibault Wynd, Edmonton, Alberta T6R 3J1  
Email: [erin@truemovement.ca](mailto:erin@truemovement.ca)
- (b) to the Franchisee and  
the Guarantors at: the Premises  
Email:

or at such other address as may be given by one of them to the other in writing from time to time and such Notices shall be deemed to have been received when delivered, one (1) day following the date of transmission by email or other electronic transmission or, if mailed, five (5) business days after the date of mailing.

#### **14.07 Waiver of Obligations**

The Franchisor may by written instrument unilaterally waive any obligation of, or restriction upon, the Franchisee under this Agreement. No acceptance by the Franchisor of any payment from the Franchisee and no failure, refusal or neglect of the Franchisor to exercise

any right under this Agreement or to insist upon full compliance by the Franchisee with its obligations hereunder shall constitute a waiver of any provision of this Agreement.

#### **14.08 Rights Cumulative**

The rights of the Franchisor under this Agreement are cumulative and the exercise or enforcement by the Franchisor of any right or remedy hereunder shall not preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or to which the Franchisor may otherwise be entitled by law.

#### **14.09 No Liability**

The Franchisor and its Affiliates and their respective officers, directors, employees and agents shall not be responsible or otherwise liable for any injury, loss, or damage resulting from, occasioned to or suffered by any person or to any property because of any goods or services sold or otherwise provided by them to the Franchisee.

#### **14.10 Right of Offset**

Notwithstanding any other provision of this Agreement, upon the failure of the Franchisee to pay the Franchisor as and when due any sums of money, the Franchisor may, at its election, deduct any and all such sums remaining unpaid from any monies or credit held by the Franchisor for the account of the Franchisee.

#### **14.11 Franchisee Cannot Withhold**

The Franchisee agrees that it shall not, on grounds of the alleged non-performance by the Franchisor of any of its obligations hereunder, withhold payment of any amounts owing to the Franchisor or its Affiliates pursuant to this Agreement or otherwise.

#### **14.12 Applicable Taxes**

The Franchisee agrees to promptly pay when due all taxes levied or assessed by reason of its operation of the Franchised Business and its performance under this Agreement including without limitation sales or use taxes, business taxes and realty taxes.

#### **14.13 Entire Agreement**

This Agreement constitutes the entire Agreement between the parties with respect to the matters herein and supersedes all previous agreements and understandings between the parties in any way relating to the subject matter hereof. It is expressly understood and agreed that the Franchisor has made no representations, inducements, warranties or promises, whether direct, indirect or collateral, expressed or implied, oral or otherwise, concerning this Agreement, the matters herein, the Franchised Business or concerning any other matters which are not embodied herein, except as set forth in the franchise disclosure document provided by the Franchisor to the Franchisee.

#### **14.14 Currency**

All references to dollars in this Agreement shall refer to United States dollars.

#### **14.15 Survival**

The rights of the Franchisor and the obligations of the Franchisee and Guarantor under Sections 10.02 to 10.08 and 14.02 and under Articles 11.00 and 12.00 of this Agreement shall survive the expiry or termination of this Agreement.

#### **14.16 Counterparts and Electronic Transmission**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but together shall constitute one and the same instrument. This Agreement may be transmitted electronically and the reproduction of signatures electronically will be treated as binding as if originals.

### **ARTICLE 15.00 ACKNOWLEDGEMENTS**

#### **15.01 Volume Rebates**

The Franchisee acknowledges that the Franchisor shall be entitled to receive and retain without accountability to the Franchisee, rebates, discounts, allowances, benefits and other similar advantages that the Franchisor may obtain from any supplier by reason of such supplier supplying products or services to its franchisees. Further, the Franchisor or its Affiliates may earn a profit from the sale of products to the Franchisee.

*[signature page follows]*

As evidence of their intent to be legally bound, the parties have caused this Agreement to be duly executed as of the effective date.

**True Movement Franchising Inc.**

Per: \_\_\_\_\_  
*I have the authority to bind the Corporation*

**[Franchisee]**

Per: \_\_\_\_\_  
*I have the authority to bind the Corporation, Limited Liability Company or Limited Partnership, as applicable*

SIGNED, SEALED AND DELIVERED )  
in the presence of )  
 )  
\_\_\_\_\_)  
 )  
\_\_\_\_\_)  
 )

**GUARANTORS**

\_\_\_\_\_)  
Name: )  
\_\_\_\_\_)  
Name: )

**SCHEDULE A**  
**ADDRESS OF PREMISES AND TERRITORY**

**Part 1: Address of Premises**

**Part 2: Territory**

**SCHEDULE B**

**MARKS**

<b>Mark</b>	<b>Application/Registration No.</b>	<b>Registration Date</b>
True Movement Platform	97386307	Sept. 12, 2023
True Movement Method	97386339	Sept. 12, 2023
True Movement	97386281	Sept. 12, 2023
True Movement Virtual	98556686	May 17, 2024 (pending)

## SCHEDULE C

### CONDITIONAL ASSIGNMENT PROVISIONS

- (a) Notwithstanding anything to the contrary contained in this Lease, it is agreed that if the franchise agreement (“Franchise Agreement”) dated the \_\_\_\_ day of \_\_\_\_\_, 202\_\_ among the Tenant, True Movement Franchising Inc. (the “Franchisor”) and others expires or is terminated for any reason whatsoever, the Tenant’s rights hereunder shall, at the option of the Franchisor, be transferred and assigned to it or to its affiliate. This option may be exercised by the Franchisor giving the Landlord notice in writing within thirty (30) days following the expiry or termination of the Franchise Agreement, such notice to specify, inter alia, the date of such expiry or termination. The Tenant acknowledges and agrees that the Landlord may rely upon such notice and shall not be required to enquire into the due execution thereof or the accuracy of the statements set forth therein. It is further agreed that such notice shall, without further act or formality, operate as an effective assignment of the Tenant’s rights hereunder to the Franchisor or to its affiliate and the assumption by such party of the covenants herein required to be observed or performed by the Tenant. The Franchisor, or its affiliate, shall thereafter have the right to assign or sublet the Premises to such person as it may designate without necessity of obtaining any consent thereto, provided that such person is a *bona fide* franchisee of the Franchisor.
- (b) The Tenant agrees that the Landlord may upon the written request of the Franchisor disclose to the Franchisor all reports, information or other data in the Landlord’s possession in respect of sales made in, upon or from the Premises.
- (c) The Landlord shall give written notice to the Franchisor (concurrently with the giving of such notice to the Tenant) of any default by the Tenant under this Lease, and the Franchisor shall have, after the expiry of the period during which the Tenant may cure such default, an additional fifteen (15) days to cure, at its sole option, any such default. If the Tenant fails to cure any such default which will entitle the Landlord to terminate the Lease, the Landlord shall give notice thereof to the Franchisor and the Franchisor shall have the option of assuming the Tenant’s rights under the Lease, as contemplated in Paragraph (a) above *mutatis mutandis*.
- (d) The Landlord acknowledges that the Franchise Agreement contains a right on the part of the Franchisor, in the event of the expiry or termination of the Franchise Agreement for any reason, to enter the premises hereby demised and to operate the business for the account of the Franchisor. The Landlord further acknowledges that such entry by the Franchisor shall not constitute an assignment of this Lease nor a subletting of the Premises.
- (e) The Tenant and the Landlord agree that the premises hereby demised shall be used only for the operation of a True Movement Studio.
- (f) The Landlord and the Tenant agree that the Franchisor shall have the right from time to time to enter the Premises to make any modifications necessary to cause the Premises to conform with the standards and specifications of the Franchisor’s franchise system.
- (g) The Landlord and the Tenant agree that the Tenant may not sublease the Premises or assign its interest under this Lease without the prior written approval of the Franchisor.
- (h) The Landlord acknowledges that the Franchisor is executing this Lease solely for the purpose of acknowledging the provisions contained in the foregoing clauses and agrees that execution by the

Franchisor shall not be construed so as to obligate the Franchisor for the performance of any of the terms, conditions, obligations and covenants contained herein.

## SCHEDULE D

### SAMPLE GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of the \_\_\_ day of \_\_\_\_\_, 202\_\_, between \_\_\_\_\_, with an address at \_\_\_\_\_ (“Debtor”) and **TRUE MOVEMENT FRANCHISING INC.**, a Delaware corporation, with an address at 5424 Thibault Wynd, Edmonton, Alberta T6R 3J1 (“Secured Party”).

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, Debtor agrees with Secured Party as follows:

1. Definitions.

- (a) *Collateral.* “Collateral” means all of the following assets, wherever located, that are now owned or hereafter acquired by Debtor or in or to which Debtor now has or hereafter acquires any right, title or interest:
- (i) Accounts;
  - (ii) Chattel Paper;
  - (iii) Inventory;
  - (iv) Equipment;
  - (v) Fixtures;
  - (vi) Instruments, including Promissory Notes;
  - (vii) Investment Property;
  - (viii) Documents;
  - (ix) Deposit Accounts;
  - (x) Letter-of-Credit Rights;
  - (xi) Any Commercial Tort Claim described in the Schedule;
  - (xii) General Intangibles, including patents, trademarks, copyrights and other intellectual property;
  - (xiii) Supporting Obligations;
  - (xiv) Money and other personal property; and
  - (xv) To the extent not listed above as original collateral, Proceeds and products of the foregoing.

- (b) *Event of Default.* An “Event of Default” occurs or exists if:
- (i) Debtor or any Third Party fails to pay when due any of the Obligations requiring the payment of any amount and the failure continues for 10 days;
  - (ii) Debtor or any Third Party fails to perform or comply with any of the Obligations (other than those requiring the payment of any amount) when or as required and the failure continues for 10 days after the earlier of (A) Debtor’s knowledge of the failure or (B) Secured Party’s delivery to Debtor of written notice of the failure;
  - (iii) Any default or event of default, for purposes of or as defined in any document evidencing, guaranteeing or securing all or any portion of the Obligations or any obligations owing to any affiliate of Secured Party, occurs or exists after giving effect to any applicable cure or grace period;
  - (iv) Any representation or warranty contained in this Agreement, in any financial statement delivered to Secured Party at any time by or on behalf of Debtor or in any document evidencing, guaranteeing or securing any of the Obligations is incorrect or misleading in any material respect;
  - (v) Debtor transfers or disposes of any of the Collateral, except as expressly permitted by this Agreement;
  - (vi) Debtor is dissolved, ceases to exist, makes any bulk sale, becomes insolvent (however evidenced), generally fails to pay its debts as they become due, fails to pay, withhold or collect any tax as required by applicable law, suspends or ceases its present business or has entered, served, filed or recorded against it or against any of its assets any judgment, lien, attachment, execution or levy;
  - (vii) Debtor or any Third Party has any receiver, trustee, custodian or similar Person appointed for it or any of its assets, makes any assignment for the benefit of creditors or commences or has commenced against it any case or other proceeding under any bankruptcy, insolvency or similar law;
  - (viii) Debtor fails to comply with, or becomes subject to any administrative or judicial proceeding under, any applicable (i) hazardous waste or environmental law, (ii) asset forfeiture or similar law which can result in the forfeiture of property or (iii) other law, and such noncompliance with any such law described in (i), (ii) or (iii) has or may have any significant effect on Debtor’s business or the Collateral;
  - (ix) Any Third Party who is an individual dies or is incompetent; or
  - (x) Secured Party deems itself insecure with respect to the Obligations or is of the opinion that the Collateral is not or may not be sufficient or has decreased or may decrease in value.

- (c) *Obligations*. “Obligations” means:
- (i) all of Debtor’s present and future obligations to Secured Party, including all such obligations under this Agreement and any loan agreement, promissory note, sublease or franchise or other agreement;
  - (ii) (A) all amounts that Secured Party may advance or spend at any time for the maintenance or preservation of any of the Collateral and (B) all other expenditures that Secured Party may make at any time under the provisions of this Agreement or for the benefit of Debtor;
  - (iii) all amounts and other obligations owed or required to be performed or complied with at any time under any replacements, modifications, renewals or extensions of any of the foregoing obligations; and
  - (iv) all of the foregoing obligations that arise after the filing of a petition by or against Debtor under any bankruptcy, insolvency or similar law, even if the obligations do not accrue because of the automatic stay under Bankruptcy Code § 362 or otherwise.
- (d) *Third Party*. “Third Party” means any guarantor, partner or other Person liable for, or who or that owns or has any interest in any asset that secures, all or any portion of the Obligations.
- (e) *Permitted Lien*. “Permitted Lien” means any security interest or other lien completely and accurately described in the Schedule.
- (f) *Person*. “Person” means (i) any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated association, government or political subdivision, (ii) any court, agency or other governmental body or (iii) any other entity, body, organization or group.
- (g) *Schedule*. “Schedule” means the Schedule attached to and made a part of this Agreement.
- (h) *UCC*. Any capitalized or other term used in the Uniform Commercial Code (“UCC”) and not defined in this Agreement has the meaning given to the term in the UCC as in effect from time to time in the State of Delaware.
2. Grant of Security Interest. Debtor grants to Secured Party a continuing security interest in the Collateral to secure the payment and performance of the Obligations.
3. Perfection of Security Interests.
- (a) *Filing of Financing Statements*. Debtor authorizes Secured Party to file one or more financing statements describing the Collateral and, without limiting the foregoing, authorizes Secured Party to use terms such as “All assets” or “All personal property and fixtures” to describe the Collateral.

- (b) Possession.
  - (i) Debtor will maintain possession of the Collateral, except where expressly otherwise provided in this Agreement.
  - (ii) Where any of the Collateral is in the possession of another Person, or located on premises leased and not owned by Debtor, Debtor will join with Secured Party in notifying the Person or the landlord of Secured Party's security interest and will obtain, upon request by Secured Party, a warehouseman waiver, a bailee waiver or a landlord waiver, as appropriate, in form and substance satisfactory to Secured Party.
- (c) *Control Agreements.* Debtor will, upon request of Secured Party, obtain a control agreement in form and substance satisfactory to Secured Party with respect to any of the Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights or Electronic Chattel Paper.
- (d) *Marking of Chattel Paper.* Debtor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Secured Party indicating that Secured Party has a security interest in the Chattel Paper.

4. Covenants and Rights Concerning the Collateral.

- (a) *Inspection and Verification.* Secured Party may inspect any of the Collateral in Debtor's possession, at any time upon reasonable notice. Secured Party may verify any of the Collateral not in Debtor's possession in any manner or through any medium, whether directly with any Person obligated with respect thereto or in the name of Debtor or otherwise.
- (b) *Taxes; Defense of Collateral.* Debtor will (i) before the end of any applicable grace period, pay each tax, assessment, fee and charge imposed by any government or political subdivision upon any of the Collateral or the acquisition, ownership, possession, use, operation or sale or other disposition thereof and (ii) defend the Collateral against each demand, claim, counterclaim, setoff and defense asserted by any Person.
- (c) *Obligations Relating to Collateral.*
  - (i) *Risk of Loss.* Debtor has the risk of loss of the Collateral.
  - (ii) *No Collection Obligation.* Secured Party has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.
  - (iii) *No Assignment.* This Agreement does not constitute any assignment by Debtor to Secured Party of any obligation of Debtor relating to any of the Collateral and Debtor will at all times remain obligated to perform each such obligation.

- (d) *No Disposition of Collateral.* Secured Party does not authorize Debtor to, and Debtor will not:
  - (i) make any sale, lease or other disposition of any of the Collateral, except Inventory in the ordinary course of business;
  - (ii) license any of the Collateral;
  - (iii) modify, compromise, cancel, subordinate or waive any right relating to any of the Collateral; or
  - (iv) grant any security interest in or other lien upon any of the Collateral except in favor of Secured Party or any Permitted Lien.
- (e) *Purchase Money Security Interests.* To the extent the Obligations are used by Debtor to purchase any of the Collateral, Debtor's repayment of the Obligations will apply on a first-in-first-out basis so that the portion of the Obligations used to purchase a particular item of the Collateral will be paid in the chronological order Debtor purchased the Collateral.
- (f) *No Installation.* Debtor will prevent any Goods included in the Collateral from being affixed to or installed in or on any real property or any Goods not included in the Collateral.
- (g) *Treatment of Collateral.* Debtor will maintain all Goods included in the Collateral in good condition except for ordinary wear and tear.
- (h) *Debtor's Other Covenants.*

Debtor:

- (i) will preserve its existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other Person, or sell or otherwise transfer all or substantially all of its assets;
- (ii) will not change the state of its incorporation or organization;
- (iii) will not change the location of any of the Collateral;
- (iv) will not change its legal name;
- (v) will conduct its business and use and maintain the Collateral in compliance with all applicable laws;
- (vi) will maintain all-risk property insurance reasonably satisfactory to Secured Party, naming Secured Party as lender's loss payee or the equivalent and provide evidence of such insurance to Secured Party;
- (vii) will promptly notify Secured Party of (i) any information required to at all times keep each representation and warranty contained in Section 5(g) hereof complete and accurate in all respects, (ii) any loss, theft or

destruction of or damage to, or any demand, claim, counterclaim, setoff or defense affecting, any of the Collateral and (iii) the occurrence or existence of any Event of Default; and

(viii) will comply with any additional covenants set forth in the Schedule.

5. Debtor's Representations and Warranties. Debtor represents and warrants that:

(a) *Authority.* The execution, delivery to Secured Party and performance of this Agreement by Debtor (i) do not and will not violate applicable law, any judgment or order of any court, agency or other governmental body by which Debtor is bound or, if Debtor is not an individual, any certificate or articles of incorporation or organization, by-laws, operating or partnership agreement or other charter, organizational or other governing document of Debtor or any resolution or other action of record of any shareholders, members, directors or managers of Debtor, (ii) do not and will not violate or constitute any default under any agreement, instrument or other document by which Debtor is bound, (iii) if Debtor is not an individual, are and will be in furtherance of the purposes and within the power and authority of Debtor and (iv) do not and will not require any authorization of, notice to or other act by or relating to any Person (including, but not limited to, if Debtor is not an individual, any shareholder, member, director or manager of Debtor) that has not been duly obtained, given or done and is not in full force and effect.

(b) *Location, State of Organization and Name of Debtor.*

Debtor's:

(i) chief executive office is located at the address in the state identified in the Schedule (the "Chief Executive Office State");

(ii) state of incorporation or organization is the state identified in the Schedule (the "Debtor State");

(iii) organizational number (if any) and entity type are identified in the Schedule; and

(iv) exact legal name is as set forth in the first paragraph of this Agreement.

(c) *Title to and Transfer of Collateral.* It has rights in or the power to transfer the Collateral and its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by this Agreement or for any Permitted Lien.

(d) *Location of Collateral.* All of the Collateral consisting of Goods, including Inventory, Equipment and Fixtures, is located solely at the locations listed in the Schedule.

(e) *Fixtures.* The name and address of each record owner of real estate where any of the Collateral consisting of Fixtures is located are identified in the Schedule.

- (f) *Genuineness.* Each Account, Chattel Paper, Instrument, Document, Deposit Account, General Intangible and item of Investment Property included in the Collateral is or, if not now existing, will be genuine, in all respects what it purports to be and enforceable in accordance with its terms against each Person obligated with respect thereto, subject to no demand, claim, counterclaim, setoff or defense.
  - (g) *Other Collateral.* The Schedule contains a complete and accurate description of all Chattel Paper, Instruments, Investment Property, Deposit Accounts, Letter-of-Credit Rights, Commercial Tort Claims and Supporting Obligations, and all General Intangibles consisting of patents, trademarks and copyrights, included in the Collateral.
  - (h) *Other Information.* All other information provided in the Schedule is complete and accurate in all respects.
6. Costs. Debtor will pay to Secured Party on demand all costs incurred by Secured Party for the purpose of enforcing any of its rights or Debtor's obligations hereunder, including:
- (a) costs relating to the perfection or protection of the security interest granted herein or to the performance by Secured Party, at its sole option, of any of Debtor's obligations hereunder that Debtor fails to timely pay or perform;
  - (b) costs of foreclosure;
  - (c) costs of obtaining money damages or other relief; and
  - (d) the reasonable fees and disbursements of attorneys employed by Secured Party for any purpose related to this Agreement or the Obligations, including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or other enforcement actions.

After any demand for the payment of any cost, Debtor will pay interest on the portion of the cost remaining unpaid due at an annual rate equal to the lesser of (i) 5% above the highest domestic prime rate published in The Wall Street Journal (if no longer published, then a similar publication designated by Secured Party) from time to time or (ii) the highest rate permitted by applicable law.

7. Remedies Upon Default.

- (a) *General.* Upon or after the occurrence of any Event of Default, Secured Party may pursue any remedy available at law (including those available under the provisions of the UCC) or in equity to collect, enforce or satisfy any of the Obligations then owing, whether by acceleration or otherwise.
- (b) *Concurrent Remedies.* Without limiting the generality of Section 7(a) hereof, upon or after the occurrence of any Event of Default, Secured Party has the right to pursue any of the following remedies separately, successively or concurrently:
  - (i) To declare all or any portion of the Obligations remaining unpaid to be immediately due.

- (ii) To file suit and obtain judgment and, in conjunction with any action, Secured Party may seek any ancillary remedies available under applicable law, including levy of attachment and garnishment.
  - (iii) To enforce Debtor's rights against Account Debtors and Obligors and to instruct such Persons to pay all amounts owing by them directly to Secured Party.
  - (iv) To take possession of any of the Collateral if not already in its possession without demand and without legal process, and Debtor grants to Secured Party the right, for this purpose, to enter into or on any premises where any of the Collateral may be located and, upon Secured Party's demand, Debtor will assemble and make the Collateral available to Secured Party as it directs.
  - (v) With or without taking possession, to sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the UCC.
- (c) *Power of Attorney.* Debtor irrevocably and unconditionally appoints Secured Party as the attorney-in-fact of Debtor, with full power of substitution and revocation, to take, at the sole option of Secured Party, in the name and on behalf of Debtor or otherwise, upon or after the occurrence of any Event of Default, each action relating to any of the Collateral that Debtor could take. The power of attorney given pursuant to the preceding sentence is coupled with an interest in favor of Secured Party and, if Debtor is an individual, will not be terminated or otherwise affected by the death, disability or incompetence of Debtor.

8. Foreclosure Procedures.

- (a) *No Waiver.* No delay or omission by Secured Party to exercise any right or remedy accruing upon any Event of Default will: (i) impair any right or remedy, (ii) waive or operate as an acquiescence to the Event of Default or any other default, or (iii) affect any subsequent Event of Default or other default of the same or of a different nature.
- (b) *Condition of Collateral.* Secured Party has no obligation to clean-up or otherwise prepare the Collateral for sale, lease or other disposition.
- (c) *No Obligation to Pursue Others.* Secured Party has no obligation to attempt to satisfy the Obligations by collecting them from any other Person liable for them and Secured Party may release, modify or waive any of the Collateral or any collateral provided by any Third Party to secure any of the Obligations, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any Third Party for any of the Obligations.
- (d) *Compliance With Laws.* Secured Party may comply with any requirements under applicable law in connection with any disposition of the Collateral. Secured Party's compliance with one permitted method of disposition over another permitted method under applicable law will not be considered to adversely affect the commercial reasonableness of any disposition of the Collateral.

- (e) *Warranties.* Secured Party may sell, lease or otherwise dispose of the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale, lease or other disposition of the Collateral.
- (f) *Sales on Credit.* If Secured Party sells any of the Collateral upon credit, Debtor will be credited (to the extent entitled) only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral.
- (g) *Purchases by Secured Party.* In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting all or any portion of the Obligations.
- (h) *No Marshalling.* Secured Party has no obligation to marshal any assets in favor of Debtor or against or in payment of (i) the Obligations or any portion thereof or (ii) any other obligations owed to Secured Party by any other Person.

9. Certain Consents And Waivers.

- (a) *Consents.* Except to the extent expressly provided in this Agreement, this Agreement will not be modified or terminated, no obligation of Debtor under this Agreement and no right or remedy of Secured Party under this Agreement will be impaired or otherwise adversely affected, and no such right or remedy will be waived, by any act, omission or other thing. Debtor consents, without any notice, to each act, omission and other thing that would or might, but for such consent, modify or terminate this Agreement, impair or otherwise adversely affect any such obligation, right or remedy or operate as a waiver of any such right or remedy. Without limiting the generality of the preceding two sentences, this Agreement will not be modified or terminated by, no such obligation, right or remedy will be impaired or otherwise adversely affected by, no such right or remedy will be waived by, and such consent will apply to (i) any direct or indirect extension, renewal, refinancing or other modification or replacement of, or any assignment or other transfer, compromise, cancellation, discharge, invalidity, impairment, unenforceability or change in any term or condition of, defense with respect to or grant of any participation in, any of the Obligations or any other obligation of Debtor or any Third Party or other Person, (ii) any taking, increase or decrease in value, impairment or release of, collection or sale, lease or other disposition of or other realization upon or failure or delaying to call for, take any property as, hold, preserve, protect, insure or collect, sell, lease or otherwise dispose of or otherwise realize upon any of the Collateral or (iii) any failure or delaying to perfect, keep perfected or maintain the priority of any security interest in any of the Collateral.
- (b) *Waivers.* Debtor waives, without any notice, each act and other thing upon which, but for such waiver, any obligation of Debtor under this Agreement or any right or remedy of Secured Party under this Agreement or arising or accruing as a result of this Agreement would or might be conditioned. Without limiting the generality of

the preceding sentence, no such obligation, right or remedy will be conditioned upon, and such waiver will apply to (i) the acceptance of this Agreement by Secured Party, (ii) any demand upon or presentment or protest to Debtor or any Third Party or other Person or (iii) any exercise of any right or remedy of Secured Party or any other Person relating to any of the Obligations or any of the Collateral or against Debtor or any Third Party or other Person.

10. General.

- (a) *Cumulative Effect.* All rights and remedies of Secured Party under this Agreement are cumulative and no such right or remedy is exclusive of any other such right or remedy. This Agreement does not modify or terminate any other agreement, instrument or other document binding upon Debtor or any Third Party or other Person in favor of Secured Party.
- (b) *Liability.* If more than one Person executes this Agreement, (i) each of them will be jointly and severally liable pursuant to this Agreement and (ii) this Agreement will be construed, interpreted and enforced, whether in any action or other legal proceeding or otherwise, as to each of them as though each of them had executed and delivered to Secured Party a separate agreement identical to this Agreement.
- (c) *Notices.* All notices, consents, approvals, statements, authorizations, documents, or other communications (collectively “notices”) required or permitted to be given hereunder will be in writing, and will be delivered personally, by prepaid nationally recognized overnight courier, by email, or by registered mail, postage prepaid, to the parties at their respective addresses set forth below:

To the Secured Party: TRUE MOVEMENT FRANCHISING INC.  
5424 Thibault Wynd  
Edmonton, Alberta T6R 3J1  
Email: [erin@truemovement.ca](mailto:erin@truemovement.ca)

With a Copy to: George J. Eydt  
Hodgson Russ LLP  
Bay-Adelaide Centre, East Tower  
22 Adelaide St. West, Suite 2050  
Toronto, Ontario M5H 4E3 Canada  
Telephone: (416) 595-2671  
Email: [geydt@hodgsonruss.com](mailto:geydt@hodgsonruss.com)

To Debtor: [PREMISES ]  
Telephone: TO BE DETERMINED  
Email: TO BE DETERMINED

Or at any such other address or addresses as may be given by any of them to the other in writing from time to time. Such notices, if mailed, will be deemed to have been given on the fifth business day following such mailing, or, if delivered by facsimile telephone transmission or email on a business day prior to 5:00 p.m. recipient’s local time, will be

deemed to have been given on the day delivered, or, if delivered after that time or on a day other than a business day, will be deemed to have been given on the next business day, or, if delivered by courier, will be deemed to have been given on the day delivered, if delivered personally, will be deemed to have been given on the day delivered, if a business day, or if not a business day, on the next business day following the day delivered; provided that if such notice will have been mailed and if regular mail service will be interrupted by strike or other irregularity before the deemed receipt of such Notice, as aforesaid, then such Notice will not be effective unless delivered.

If there are multiple Debtors, service on one Debtor will constitute valid notice to all. If the Debtor is no longer occupying the Premises, the Secured Party may send notice to the last known address of the Debtor or any of its owners.

- (d) *No Assignments by Debtor.* Secured Party does not consent to any assignment by Debtor of, and Debtor will not assign, any of Debtor's rights, interests or obligations under this Agreement.
- (e) *Secured Party Assignments.* Secured Party may assign any of its rights, interests and obligations under this Agreement. If an assignment is made, Debtor will render performance under this Agreement to the assignee. Debtor waives and will not assert against any assignee any claim, defense or setoff that Debtor could assert against Secured Party except defenses that cannot be waived.
- (f) *Severability.* If any provision of this Agreement is found to be void, invalid or unenforceable by a court of competent jurisdiction, that finding will only affect the provisions found to be void, invalid or unenforceable and will not affect the remaining provisions of this Agreement.
- (g) *Binding Effect.* This Agreement binds Debtor, all other Persons who or that become bound as a debtor hereto and the legal representatives, successors and assigns of Debtor and all other such Persons and inures to the benefit of and is enforceable by Secured Party and the legal representatives, successors and assigns of Secured Party.
- (h) *Headings.* Section headings used in this Agreement are for convenience only. They are not a part of this Agreement and will not be used in construing it.
- (i) *Governing Law.* This Agreement is governed by and will be construed, interpreted and enforced in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws, except to the extent that the UCC provides for the application of the law of the Debtor State or the Chief Executive Office State or any other jurisdiction.
- (j) *Rules of Construction.*
  - (i) No reference to "Proceeds" in this Agreement authorizes any sale, transfer or other disposition of the Collateral by Debtor.
  - (ii) "Includes" and "including" are not limiting.

- (iii) “Or” is not exclusive.
- (iv) “All” includes “any” and “any” includes “all”.
- (v) Any gender includes any other gender, as the context may require.
- (vi) The terms “hereof”, “herein”, “hereunder” and similar terms refer to this Agreement and not to any particular provision of it.
- (k) *Integration and Modifications.*
  - (i) This Agreement is the entire agreement of Debtor and Secured Party concerning its subject matter.
  - (ii) Any modification to this Agreement must be made in writing and signed by Debtor and Secured Party.
- (l) *Termination.* This Agreement will remain in full force and effect until and will terminate only upon (i) the final and indefeasible payment and performance in full of the Obligations and (ii) there no longer being in force or effect any loan, sublease, franchise or other agreement, any promissory note or other instrument or any credit commitment or other financial accommodation under which any of the Obligations have arisen or may arise.
- (m) *Further Assurances.* Debtor agrees to execute any further documents, and to take any further actions, reasonably requested by Secured Party to evidence, perfect or protect the security interest granted herein or to effectuate the rights granted to Secured Party herein.
- (n) *CONSENT TO JURISDICTION.* DEBTOR CONSENTS IN EACH ACTION OR OTHER LEGAL PROCEEDING COMMENCED BY SECURED PARTY ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE OBLIGATIONS TO THE NONEXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE STATE OF DELAWARE; WAIVES PERSONAL SERVICE OF PROCESS; AND AGREES THAT SERVICE OF PROCESS MAY BE EFFECTED BY SECURED PARTY BY REGISTERED MAIL TO DEBTOR AT THE ADDRESS SET FORTH AT THE BEGINNING OF THIS AGREEMENT (OR SUCH OTHER ADDRESS AS TO WHICH DEBTOR HAS GIVEN SECURED PARTY NOTICE IN ACCORDANCE WITH SECTION 10(C) HEREOF) OR IN ANY MANNER ALLOWED BY THE STATE OF DELAWARE OR THE FEDERAL LAWS OF THE UNITED STATES. DEBTOR WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING.
- (o) *WAIVER OF TRIAL BY JURY.* DEBTOR WAIVES EACH RIGHT DEBTOR MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY ACTION OR OTHER LEGAL PROCEEDING, WHETHER BASED ON ANY CONTRACT OR NEGLIGENT, INTENTIONAL OR OTHER TORT OR OTHERWISE,

ARISING OUT OF OR OTHERWISE RELATING TO THIS AGREEMENT,  
ANY OF THE OBLIGATIONS OR ANY OF THE COLLATERAL.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**Debtor:** \_\_\_\_\_

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

Authorized Signatory

Name: \_\_\_\_\_

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

**Secured Party:**

**TRUE MOVEMENT FRANCHISING INC.**

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

Authorized Signatory

Name: \_\_\_\_\_

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

SCHEDULE

1. Debtor's Chief Executive Office.

2. Debtor's State of Organization and Organizational Identification Number.

\_\_\_\_\_ (State)

\_\_\_\_\_ (Organizational ID#) or  None

3. Type of Legal Entity.

- Corporation
- Limited Liability Company
- Limited Partnership
- General Partnership
- Other as indicated \_\_\_\_\_

4. Locations During Last 5 Years of Collateral Consisting of Goods, including Inventory, Equipment and Fixtures. (attach separate sheet for additional locations)

Address	Type of Location (Check One Box)	Name and Address of Landlord, Bailee or Warehouseman*	Name and Address of Record Owner of Real Estate if different than Landlord*
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- 1.
- Debtor owned
  - Leased
  - Bailee or Warehouse
  - Prior, no longer used

\*information not necessary for locations designated as Prior, no longer used

5. Description of Chattel Paper, Instruments, Investment Property, Deposit Accounts, Letter-of-Credit Rights, Commercial Tort Claims and Supporting Obligations included in the Collateral.

6. Description of General Intangibles included in the Collateral consisting of patents, trademarks or copyrights.

7. Permitted Liens.

(a) Any purchase money security interest hereafter granted by Debtor in property acquired by Debtor to secure:

(i) payment of not more than 75% of the purchase price of the property;  
or

(ii) repayment of funding given to Debtor by any Person and applied by Debtor to enable Debtor to acquire the property, provided that the funding does not exceed 75% of the purchase price of the property;

and any replacement, extension or renewal thereof is the amount secured thereby (including interest) at the time of such replacement, extension or renewal is not increased and the property subject to thereto remains the same property.

(b) No other "Permitted Liens" unless described here.

8. Additional Covenants.

(a) Without the prior written consent of Secured Party, Debtor will not lend money to, guarantee the debts or obligations of or invest money in any Person, whether on an arm's length basis or otherwise and whether by means of any loan, acquisition of shares, acquisition of debt or otherwise.

(b) 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.

## EXHIBIT B

### LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, address and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in these states.

Also listed are our agents for service of process for states where we have registered our franchise or have otherwise appointed an agent for service of process.

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>California</b>	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 327-7585 or Toll free (866) 275-2677	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 327-7585 or Toll free (866) 275-2677
<b>Connecticut</b>	Banking Commissioner 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230	
<b>Delaware</b>		Corporate Creations Network Inc. 1521 Pike #201, Wilmington, Delaware 19803
<b>Florida</b>	Department of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Parkway Tallahassee, Florida 32399-6500 (850) 410-3800	
<b>Hawaii</b>	Commissioner of Securities of The State of Hawaii Business Registration Division Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Business Registration Division Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
<b>Illinois</b>	Franchise Division Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>Indiana</b>	Securities Commissioner Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Securities Commissioner Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681
<b>Maryland</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202
<b>Michigan</b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, Michigan 48913 (517) 373-7117	Michigan Corporation & Securities Bureau Department of Commerce 6546 Mercantile Way Lansing, MI 48911 (517) 373-7117
<b>Minnesota</b>	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
<b>Nebraska</b>	Staff Attorney Department of Banking & Finance Commerce Court 1230 O Street, Suite 400 Lincoln, Nebraska 68508-1402 (402) 471-3445	
<b>New York</b>	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, New York 10005 (212) 416-8222 Phone (212) 416-6042 Fax	Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 473-2492
<b>North Dakota</b>	North Dakota Securities Department 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>Oregon</b>	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	
<b>Rhode Island</b>	Division of Securities John O. Pastore Complex, Bldg. 69-1 Cranston, Rhode Island 02920 (401) 426-9500	Director of the Rhode Island Department of Business Regulation 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
<b>South Dakota</b>	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
<b>Texas</b>	Statutory Document Section Secretary of State 1019 Brazos Austin, Texas 78701-2413 (512) 475-0775	
<b>Utah</b>	Department of Commerce Division of Consumer Protection 160 East 300 South SM Box 146704 Salt Lake City, Utah 84114-6704 (801) 530-6601	
<b>Virginia</b>	State Corporation Commission, Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, Virginia (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street 1 <sup>st</sup> Floor Richmond, Virginia 23219 (804) 371-9733
<b>Washington</b>	Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760
<b>Wisconsin</b>	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Street, Suite 300 Madison, WI 53703 (608) 266-8557	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Street, 4th Floor Madison, WI 53703 (608) 261-9555

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>Federal Trade Commission</b>	Bureau of Consumer Protection 600 Pennsylvania Avenue, NW Washington, D.C. 20580 (877) 382-4357	

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

## EXHIBIT C

### STATE ADDENDA TO THE DISCLOSURE DOCUMENT

The True Movement Franchising Inc. disclosure document is revised for the following states as set forth below. We reserve the right to challenge the application in enforceability of the following provisions and underlying state franchise law.

#### CALIFORNIA

##### **The following language is added to the Cover Page:**

Our website, <https://truemovement.ca>, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

##### **The following language is added to Item 17:**

“THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.”

Neither the Franchisor, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur in Delaware. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.4 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of Delaware. This may not be enforceable in the State of California.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 3100 Through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

## **HAWAII**

### **The following language is added to the Cover Page:**

“THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

### **The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:**

- A. This proposed registration application is effective in the following states.

**None**

- B. The proposed registration application is or will shortly be on file in the following states.

Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, South Dakota, Virginia, Washington and Wisconsin

- C. States which have refused, by order or otherwise, to register these franchises are.

**None**

- D. States which have revoked or suspended the right to offer franchises are.

**None**

- E. States which the proposed registration of these franchises has been withdrawn are:

**None**

## **ILLINOIS**

Paragraph 705/4 of the Illinois Franchise Disclosure Act (the “Act”) provides that:

“Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void provided that a franchise agreement may provide for arbitration in a forum outside of this State.”

Rule Section 200.608 or the Act provides that:

“As described in Section 4 of the Act, a franchise agreement shall not require a franchisee to litigate any cause of action, with the exception of arbitration proceedings, arising under the franchise agreement or the Act outside of this state, nor shall a franchisee agreement provide for a choice of law provision for any state other than Illinois.”

### **The following language is added to Item 17:**

The Franchise Agreement provides that if negotiation fails, any dispute between us or claim arising out of or relating to the Franchise Agreement or any other franchise related agreement will be mediated in Edmonton, Alberta, Canada, under Delaware law, arbitrated in Wilmington, Delaware under Delaware law, except that we may seek an injunction and other remedies to prohibit infringement of our intellectual property rights, disclosure of our confidential information and a breach of non-compete covenants in any court of competent jurisdiction. The Franchise Agreement also provides that if a court determines that our agreement to arbitrate a particular dispute is not enforceable, then the dispute must be litigated in Wilmington, Delaware under Delaware law. These provisions to the extent they dictate the location and governing law for court proceedings are not permitted under the Illinois Franchise Disclosure Act. For Illinois franchisees, all court proceedings must be in Illinois under Illinois law.

## **MARYLAND**

### **The following language is added to Item 17:**

- (1) Any limitation of claims shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law (the “Law”). Claims under the Law must be brought within 3 years after the grant of the franchise to you.
- (2) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Law.

Any provision of the Disclosure Document or in the Franchising Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law, to the extent required by this law.

Any representation requiring you 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 liability incurred under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement is amended accordingly to the extent required by law.

Any provision of the Disclosure Document or in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **MINNESOTA**

1. The Minnesota Department of Commerce requires that True Movement Franchising Inc. indemnify Minnesota licensees against liability to third parties resulting from claims by third parties that the franchisee’s use of the Marks infringes trademark rights of the third party. Item 13 states that True Movement Franchising Inc. does indemnify against the consequences of franchisee’s use of the Marks but only to the extent you are held liable by a third party.

**The following language is added to Item 13:**

For Minnesota franchisees, if the indemnification provision concerning your use of the Marks is inconsistent with Minnesota Department of Commerce requirements, it shall be superseded by these requirements and shall have no force or effect.

**2. The following language is added to Item 17:**

Section 80C.14, Subd. 4. of the Minnesota Franchise Act, Miss. Stat. Section 80.01 et seq., and the Rules and Regulations promulgated under it (collectively the “Minnesota Franchise Act”) requires, except in certain specified cases, that a Minnesota franchisee be given written notice of a franchisor’s intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. These Minnesota Franchise Act requirements are in addition to and may supersede the renewal provisions described in Item 17(b).

Minnesota considers it unfair to not protect your right to use the trademarks. Refer to Minn. Stat. 80C.12 Subd. 1(G). We will protect your rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name, as required under Minn. Stat. 80C.12 Subd. 1(G).

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. 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 for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rules 2860.4400(D) prohibits us from requiring you to assent to a general release.

You cannot consent us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

For Minnesota franchisees, to the extent the Franchise Agreement requires it to be governed by a state’s law, other than the State of Minnesota or provides for arbitration or mediation, these provisions shall not in any way abrogate or reduce any rights of the franchisee as provided for in the Minnesota Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. These requirements are in addition to and may supersede the provisions described in Item 17(u), (v) and (w).

The Limitations of Claims section must comply with Minnesota Status 80C.17 Subd. 5. Section 80C17, Subd.5. of the Minnesota Franchise Act states that no civil action may be commenced for violation of the Minnesota Franchise Act more than 3 years after the cause of action accrues.

Section 21(26)(f) of the Franchise Agreement contains certain time limits on commencing actions. For Minnesota franchisees, to the extent that these limitations are inconsistent with those under the Minnesota Franchise Act, the provisions of the Franchise Agreement are superseded by the Minnesota Franchise Act's requirements and shall have no force or effect.

Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit 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 Disclosure Document or agreements can abrogate or reduce (1) any of your rights as provided for in Minnesota Statute 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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.

## **NEW YORK**

1. **The following language is added to the cover page:**

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law,

fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

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

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgments – 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.

7. Receipts – Any sale made must be in compliance with §683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. §680 et seq.), which describes the time period a Franchise disclosure document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise disclosure document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **RHODE ISLAND**

### **1. The following language is added to Item 3:**

No person identified in Item 2:

- a. Is subject to any currently effective order of the securities and exchange commission or the securities administrator of any state denying registration to or revoking or suspending the registration of such person as a securities broker or dealer or investment advisor, or is subject to any currently effective order of any national securities association.
- b. Is subject to any currently effective injunction or restrictive order relating to business activity as a result of an action brought by any public agency or department, including, without limitation, actions affecting a license as a real estate broker or salesman.

## **VIRGINIA**

### **1. The following language is added to the Cover Page:**

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS AND AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE REQUIRES FRANCHISORS TO FURNISH THEIR DISCLOSURE DOCUMENT TO PROSPECTIVE FRANCHISEES FOURTEEN

CALENDAR DAYS BEFORE THE PROSPECTIVE FRANCHISEE SIGNS A BINDING AGREEMENT WITH OR MAKE ANY PAYMENT TO, THE FRANCHISOR OR AN AFFILIATES.

ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE VIRGINIA RETAIL FRANCHISING ACT AS AMENDED, REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING OF THE VIRGINIA STATE CORPORATION COMMISSION OR A FINDING BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, ACCURATE OR NOT MISLEADING.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE VIRGINIA DIVISION OF SECURITIES AND RETAIL FRANCHISING, 1300 EAST MAIN STREET, RICHMOND, VIRGINIA 23219.

The name and address of the Franchisor's agent in Virginia authorized to receive service of process is:

Clerk of the State Corporation Commission  
1300 E. Main Street, 9th Floor  
Richmond, Virginia 23219

## **EXHIBIT D**

### **STATE AMENDMENTS TO THE FRANCHISE AGREEMENT**

The True Movement Franchising Inc. Franchise Agreement is amended for the following states as set forth below, but only to the extent that the amendments are then valid requirements of an applicable and enforceable state law, and only for so long as such state law remains in effect. A state law is applicable only if the jurisdiction requirements of the state law applicable to the provision are met independent of the state law amendments set forth below.

#### **CALIFORNIA**

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. BUS. & PROF. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq (collectively the "Acts"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- b. If the franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Acts (such as those contained in Sections 4(2)(g), 6(4) and 15(2)(c) of the Franchise Agreement).
- c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.
- d. If the Agreement contains a covenant not to compete which extend beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.
- e. The Agreement requires binding arbitration. The arbitration will occur in Wilmington, Delaware, with each party bearing its own costs and the costs of arbitration and administration being shared equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Agreement restricting venue to a forum outside the State of California.
- f. If the Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable.

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 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.

## **ILLINOIS**

The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 - 705/44 (1994) (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Paragraphs 705/19 and 705/20 of the Act provide rights to You concerning non-renewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with these paragraphs of the Act, the Act will control.
- b. Any release of claims or acknowledgements of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act (such as those in Sections 4(2)(g), 6(4) and 15(2)(c) of the Franchise Agreement).
- c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Act.
- d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with Illinois law, Illinois law will control, without regard to conflicts of law.
- e. Paragraph 705/5(2) of the Act requires that we provide you a copy of our Disclosure document at least 14 days prior to your signing any binding franchise agreement or other agreement or paying any consideration. If this agreement contains a provisions that is inconsistent with this Paragraph of the Act, the Act will control.
- f. Nothing in this Agreement waives any rights the franchisee may have under Section 41 of the Act or other Illinois laws.

## **INDIANA**

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. " 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Inc. Code Ann. ' 23-2-2.7 (1985) (collectively the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Indiana Deceptive Franchise Practices Act provides rights to You concerning non-renewal and termination of this Agreement. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgments shall be void with respect to claims under the Acts.

c. If the Agreement contains covenants not to compete upon expiration or termination of the Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.

d. The Indiana Deceptive Franchises Practices Act provides that substantial modification of the Agreement by True Movement Franchising Inc. requires written consent of the franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Act will control.

e. If the Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10).

f. If the Agreement requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.

## **MARYLAND**

The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 ET SEQ. (2010 Repl. Vol. and Supp. 2011) and the rules and regulations promulgated thereunder (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release will exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

b. Any limitation of claims provisions in the Agreement will not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim under the Act. Claims under the Act must be brought within 3 years after the grant of the franchise to the franchisee.

c. If the Agreement requires litigation to be conducted in a forum other than the State of Maryland, the requirement will not be interpreted to limit any rights franchisee may have under the Act to bring suit in the State of Maryland.

Any provision of the Disclosure Document or in the Franchising Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any

liability under the Maryland Franchise Registration and Disclosure Law, to the extent required by this law.

Any representation requiring you 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 liability incurred under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement is amended accordingly to the extent required by law.

Any provision of the Disclosure Document or in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **MINNESOTA**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Miss. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and Disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that True Movement Franchising Inc. indemnify Minnesota licensees against liability to third parties resulting from claims by third parties that the franchisee’s use of the Marks infringes trademark rights of the third party. Under Section 14.02 of the Agreement, True Movement Franchising Inc. does indemnify against the consequences of franchisee’s use of the Marks but only to the extent you are held liable by a third party. If this indemnification provision is inconsistent with Minnesota Department of Commerce requirements, it shall be superseded by these requirements and shall have no force or effect.

b. The Franchise Act, Sec. 80C.14, Subd. 4. requires, except in certain specified cases, that a franchisee be given written notice of a franchisor’s intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Agreement contains a provision that is consistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Franchise Act’s requirements and shall have no force or effect.

c. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. 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 for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld. Minnesota Rules 2860.4400(D) prohibits us from requiring you to assent to a general release.

d. If the Agreement requires it be governed by a state's law, other than the State of Minnesota or provides for arbitration or mediation, these provisions shall not in any way abrogate or reduce any rights of the franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. The Franchise Act, Sec. 80C17, Subd.5., states that no civil action may be commenced for violation of the Franchise Act more than 3 years after the cause of action accrues. Section 21(26)(f) of the Agreement also contains certain time limits on commencing actions under the Agreement. To the extent that these limitations are inconsistent with those under the Franchise Act, these provisions of the Agreement are superseded by the Franchise Act's requirements and shall have no force or effect.

f. Minnesota considers it unfair to not protect your right to use the trademarks. Refer to Minn. Stat. 80C.12 Subd. 1(G). We will protect your rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name, as required under Minn. Stat. 80C.12 Subd. 1(G).

g. You cannot consent us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

h. The Limitations of Claims section must comply with Minnesota Status 80C.17 Subd. 5.

i. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

j. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit 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 Disclosure Document or agreements can abrogate or reduce (1) any of your rights as provided for in Minnesota Statute 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

k. 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.

## **NEW YORK**

The New York Department of Law required that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989) (the “Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

If the franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act or any regulation, rule or order under the Act, such release shall exclude claims arising under the Act or any regulation, rule or order under the Act, and such acknowledgement shall be void. It is the intent of this provision that the non-waiver provisions of Sections 687.4 and 687.5 of the Act be satisfied.

## **NORTH DAKOTA**

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51 19, Sections 51 19 01 through 51 19 17 (1993) (the “Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Covenants not to compete during the terms of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota law, if the Agreement contains a covenant not to compete which is inconsistent with North Dakota law, the covenant may be unenforceable.
- b. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the Act. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the Act.
- d. If the Agreement requires payment of liquidated damages or a termination penalty, the requirement may be unenforceable under the Act.
- e. If the Agreement requires that it be governed by a state’s law, other than the State of North Dakota, North Dakota law will control.
- f. If the Agreement requires the franchisee to waive the franchisee’s right to a jury trial, the requirement may be unenforceable under North Dakota law.
- g. If the Agreement requires the franchisee to waive the franchisee’s right to make a claim for exemplary or punitive damages, the requirement may be unenforceable under North Dakota law.

h. If the franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

i. If the Agreement requires the franchisee to consent to a limitation of claims that is shorter than the statute of limitations under North Dakota law, the statute of limitations under North Dakota law applies.

## **RHODE ISLAND**

The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 - 19-28.1-34 (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement may be void under the Act.

b. If the Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with the Act it may be void under the Act.

c. If the franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

## **WASHINGTON**

### **WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

**1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

**2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be

court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

- 3. Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
- 4. General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
- 5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- 6. Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- 7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
- 8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
- 9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
- 10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to

a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments.** 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.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

## WISCONSIN

The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Act, among other things, grants You the right, in most circumstances, to 90 days’ prior written notice of nonrenewal and 60 days within which to remedy any claimed deficiencies. If the Agreement contains a provision that is inconsistent with the Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- b. If the Agreement requires that it be governed by a state’s law, other than the State of Wisconsin, to the extent that any provisions of the Agreement conflicts with the Act such provision shall be superseded by the Act’s requirements.

**ACKNOWLEDGMENT:**

It is agreed that the applicable foregoing state law amendments, if any, supersede any inconsistent portion of the Franchise Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

True Movement Franchising Inc.

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

**EXHIBIT E**

**CONFIDENTIALITY AND DEPOSIT AGREEMENT**



## CONFIDENTIALITY AND DEPOSIT AGREEMENT

**TO: TRUE MOVEMENT FRANCHISING INC. (the “Franchisor”)**

1. The undersigned (the "Applicant") hereby acknowledges that it has received a copy of the True Movement Franchising Inc. disclosure document at least fourteen (14) days prior to the date hereof.
2. The Applicant encloses herewith a deposit in the amount of Ten Thousand Dollars (\$10,000) (the “Deposit”). If a Franchise Agreement is entered into between the Franchisor and the Applicant, the Deposit (without interest) will be credited towards payment of the Initial Franchise Fee. If a Franchise Agreement is not entered into, the Deposit will be retained by the Franchisor.
3. The Applicant understands that the Franchisor may furnish information and material which will be of a confidential and proprietary nature concerning the Franchisor and the True Movement® System and that such information and material as well as the contents of the Franchisor’s disclosure document (collectively, the “Confidential Information”) are the property of the Franchisor. **The Applicant agrees that, except for disclosure to the Applicant’s professional advisors, the Applicant will not, directly or indirectly, copy, use or disclose any of the Confidential Information. The Applicant further agrees to return all Confidential Information to the Franchisor if a Franchise Agreement is not entered into between the Franchisor and the Applicant.**
4. The Applicant understands that the acceptance by the Franchisor of the Deposit from the Applicant is not an assurance that the Applicant will be granted a True Movement® Studio franchise.

DATED this \_\_\_\_ day of \_\_\_\_\_, 202\_.

**APPLICANT:**

\_\_\_\_\_

The Franchisor hereby acknowledges receipt of the Deposit of Five Thousand Dollars (\$10,000).

**True Movement Franchising Inc.**

Per: \_\_\_\_\_

**EXHIBIT F**

**MUTUAL RELEASE AGREEMENT**

(for Renewing franchisees)

## MUTUAL RELEASE AGREEMENT

This **MUTUAL RELEASE AGREEMENT** is entered into as of the \_\_\_ day of \_\_\_\_\_, 202\_\_, by and among **True Movement Franchising Inc.**, a Delaware corporation (the “**Franchisor**”), [NAME OF FRANCHISEE], a [STATE OF FORMATION TYPE OF ENTITY] (the “**Franchise Partner**”), and \_\_\_\_\_, individual(s) resident in the State of \_\_\_\_\_, (hereinafter each a “**Guarantor**” and collectively, the “**Guarantors**”).

**WHEREAS** the Franchisor, the Franchise Partner and the Guarantor are parties to a franchise agreement made the \_\_\_ day of \_\_\_\_\_, 202\_\_ (the “**Franchise Agreement**”) pursuant to which the Franchise Partner operated a True Movement® Studio business in \_\_\_\_\_ (the “**Franchised Business**”);

**AND WHEREAS** the Franchise Agreement has expired and the Franchise Partner wishes to renew the franchise for its Franchised Business;

**AND WHEREAS** a condition to such renewal is the execution by the Franchise Partner and the Guarantors of this Release;

**NOW THEREFORE THIS AGREEMENT WITNESSETH THAT** in consideration of the mutual covenants herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties hereto), the parties agree as follows:

1. Unless otherwise defined herein, capitalized terms shall have the meanings given such terms in the Franchise Agreement.
2. Subject to the terms of this Release Agreement, the Franchisor, the Franchise Partner and the Guarantors acknowledge and agree that the Franchise Agreement and the obligations of the parties thereunder has expired and is of no further force and effect, effective as of the date hereof.
3. Each of the undersigned hereby irrevocably and unconditionally remises, releases and forever discharges the other of them and their respective agents, employees, officers, directors, managers, equity holders, affiliates, heirs, executors, administrators, successors and assigns (collectively, the “**Releasees**”) of and from any and all manner of action and actions, cause or causes of action, suits, debts, dues, sums of money, claims and demands whatsoever at law or in equity (each a “**Claim**” and collectively “**Claims**”) which against the Releasees the undersigned ever had, now has, or may in the future have for or by reason of or arising out of any cause, matter or thing existing up to and including the date hereof arising from the operation by the Franchise Partner of the Franchised Business pursuant to the Franchise Agreement.

4. Each of the undersigned further covenants and agrees not to join, assist, aid or act in concert in any manner whatsoever with any other person, firm or corporation in the making of any Claim or in the bringing of any proceeding or action in any manner whatsoever against any of the Releasees, or to make any Claim or to take any proceedings against any other person or entity who might claim contribution or indemnity from any of the Releasees in connection with the matters hereinbefore remised, released and discharged.

5. PROVIDED THAT the foregoing shall not release any rights under or claims that the Franchise Partner and the Guarantors may have under applicable franchise legislation in effect in the State in which the Franchised Business is operated.

6. Notwithstanding the foregoing and except as hereinafter provided, the provisions of Sections 3 and 4 above shall not release the Franchise Partner or the Guarantor from any obligation for payment of unpaid amounts due and payable to the Franchisor pursuant to the Franchise Agreement in respect of the period prior to the date hereof or from any other obligations which by their nature survive, all of which provisions shall remain in full force and effect.

7. Each of the Franchise Partner and the Guarantors agrees not to make, directly or indirectly, derogatory, defamatory or disparaging remarks about the Franchisor, its Affiliates or their respective officers, directors, shareholders or employees, or about the Franchisor's franchisees.

8. The Franchise Partner and the Guarantors agree that they will not intentionally interfere, directly or indirectly, with the business of the Franchisor, its Affiliates or the business of any franchisee or prospective franchisee. Each of the Franchise Partner and the Guarantors further agrees that they will not intentionally interfere, directly or indirectly, with the contractual relations that may now or hereafter exist between the Franchisor and any of its franchisees.

9. The provisions hereof shall enure to the benefit of each of the Releasees and each of their respective heirs, executors, administrators, successors and assigns and shall be binding upon each of the undersigned and their respective heirs, executors, administrators, successors and assigns.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

11. This Agreement may be delivered by couriered original documents, or email via scanned documents, or fax and may in any case be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement effective the day and year first above written.

**True Movement Franchising Inc.**

Per: \_\_\_\_\_  
*I have the authority to bind the Corporation*

**Franchise Partner:**

[    ]

Per: \_\_\_\_\_  
*I have the authority to bind the Corporation*

**Guarantors:**

SIGNED, SEALED AND DELIVERED  
in the presence of

_____	)	_____
Witness	)	Name:
_____	)	_____
Witness	)	Name:

## EXHIBIT G

### **TABLE OF CONTENTS OF THE TRUE MOVEMENT ® MANUAL**

	<u>Topic</u>	<u>No. of Pages</u>
1.	Introduction	3
2.	The True Movement Platform®	3
3.	Franchise Standards	2
4.	Franchise Onboarding	3
5.	Trainer Certification Structure	6
6.	Staffing & HR	4
7.	Location and Studio Setup	4
8.	Financial Operations	4
9.	Sales & Marketing	6
10.	Branding & Intellectual Property	4
11.	Technology Systems	4
12.	Compliance & Reporting	3
13.	Ongoing Support & Communication	3
14.	Crisis Management	4
15.	Appendices	3
16.	Final Note	1

**EXHIBIT H**  
**FINANCIAL STATEMENTS**

**TRUE MOVEMENT  
FRANCHISING INC.**

Balance Sheet  
as of May 23, 2025  
with  
Independent Auditors' Report

**TRUE MOVEMENT FRANCHISING INC.**

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FINANCIAL STATEMENT:	
Balance Sheet	3
Notes to Financial Statement	4



**Chiampou  
Travis  
Besaw &  
Kershner** LLP

Charles W. Chiampou, CPA, JD  
Robert J. Travis, CPA  
Kelly G. Besaw, CPA, CVA  
Eugene G. Kershner, CPA  
D. Scott Sutherland, CPA  
Jon K. Pellish, CPA  
Eric D. Colca, CPA, CVA, CEPA  
Michael Schaffstall, CPA  
Garret R. Alexin, CPA  
Karen M. Antonelli, CPA, CCIFP  
Meagan K. Fitzgerald, CPA  
Brian Maze, CPA

Andrew L. Neyman, CPA, MBA  
Gina M. McDonough, CPA  
Jennifer N. Aceti, CPA  
Matthew J. DeVincentis, CPA, MBA  
Laura J. Markle, CPA  
Adam J. Ferrante, CPA  
Thomas R. Schwartz, CVA, CEPA  
Katie L. Sivic, CPA  
Zachary J. Wagner, CPA  
Greggory P. Gallson, CVA  
Valerie T. Kaufman, CPA, SHRM-SCP

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
True Movement Franchising Inc.  
Edmonton, Alberta, Canada

### Opinion

We have audited the balance sheet of True Movement Franchising Inc. as of May 23, 2025, and the related notes to the financial statement.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of True Movement Franchising Inc. as of May 23, 2025, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of True Movement Franchising Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about True Movement Franchising Inc.'s ability to continue as a going concern for one year after the date that the financial statement is available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 statement.

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 statement, 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 statement.
- 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 True Movement Franchising Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about True Movement Franchising Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Champion Travis Beran; Kerchner LLP*

June 25, 2025

**TRUE MOVEMENT FRANCHISING INC.**

**BALANCE SHEET**

**MAY 23, 2025**

---

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 50,000
	<u>50,000</u>
	<u><u>\$ 50,000</u></u>

**STOCKHOLDER'S EQUITY**

**STOCKHOLDER'S EQUITY:**

Common stock	\$ 1
Additional paid-in capital	<u>49,999</u>
Total stockholder's equity	<u><u>50,000</u></u>
	<u><u>\$ 50,000</u></u>

See notes to financial statement.

**TRUE MOVEMENT FRANCHISING INC.**

**NOTES TO FINANCIAL STATEMENT  
AS OF MAY 23, 2025**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Business* – True Movement Franchising Inc. (the “Company”) offers franchises for the operation of a True Movement Studio, which provides stability, mobility and strength training. The Company is headquartered in Edmonton, Alberta and offers franchises throughout the United States.

*Cash* – The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk with regard to its cash.

*Use of Estimates* – The preparation of a financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Subsequent Events* – Management has evaluated the effects of all subsequent events through June 25, 2025, the date the financial statement was available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the financial statement.

**2. STOCKHOLDER’S EQUITY**

The following schedule summarizes the number of shares of stock as of May 23, 2025:

Common stock, \$.0001 par value:

Authorized	5,000
Issued	100
Outstanding	100

\* \* \* \* \*

**EXHIBIT I**

**LIST OF CURRENT FRANCHISEES AND FRANCHISEES  
WHO HAVE LEFT THE SYSTEM**

Our Current Franchisees: None

Our Former True Movement® Franchisees: None

### **State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
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.

## RECEIPT

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

If True Movement Franchising Inc. offers you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

**[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]**

**[Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]**

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit B.

The franchise sellers for this offering are  Erin Baker,  Beth Potter,  Kelli Sholdice  Other: \_\_\_\_\_ of True Movement Franchising Inc., located at 11204 178 St., NW Edmonton, Alberta, Canada T5S 1P2 and reachable at 1-780-800-8783.

Issuance date: June 25, 2025

I received a disclosure document dated June 25, 2025 that included the following Exhibits:

- A Franchise Agreement
  - Schedule A – Address and Premise of Territory
  - Schedule B – Marks
  - Schedule C – Conditional Assignment Provisions
  - Schedule D – General Security Agreement
- B List of State Agencies
- C State Addenda to this Disclosure Document
- D State Amendments to the Franchise Agreement
- E Confidentiality and Deposit Agreement
- F Mutual Release Agreement
- G Table of Contents of the Manual
- H Financial Statements
- I List of Current franchisees and franchisees Who Have Let the System

\_\_\_\_\_  
Date

\_\_\_\_\_  
Market Rep.

\_\_\_\_\_  
Prospective

You should return one copy of the signed receipt by signing, dating, and emailing it to True Movement Franchising Inc. at [erin@truemovement.ca](mailto:erin@truemovement.ca). You may keep the second copy for your record.

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Date

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Market Rep.

\_\_\_\_\_  
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