

FRANCHISE DISCLOSURE DOCUMENT



PERFECT SKATING™

Perfect Skating Franchising U.S. Inc.
1565 Maple Grove Rd., Kanata, ON K2V 1A3, Canada
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www.perfectskating.ca.
613-470-0707

Perfect Skating franchisees will offer elite skating, hockey, and performance training and development classes, camps, seminars, and instruction to youth hockey players ranging in ages from 6-18. The total investment necessary to begin operation of a Perfect Skating Franchised Business ranges from \$54,240 to \$198,040. This includes \$25,700 - \$125,700 that must be paid to Franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Development Department at Perfect Skating Franchising U.S. Inc. 1565 Maple Grove Rd, Kanata, ON K2V 1A3, Canada or email info@perfectskating.ca.

The terms of your contract will govern your franchise relationship. Do not 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, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out of State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation, arbitration and/or litigation only in Canada. Out- of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in Canada than in your home state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payment may result in termination of your franchise and loss of your investment.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
6. **Going Concern.** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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

Franchisor, and any Parents, Predecessor and Affiliates

The complete legal name of the Franchisor is Perfect Skating Franchising U.S. Inc. (“**Franchisor**”, “**we**”, “**our**” or “**us**”). Franchisor was incorporated on under the terms of the Business Corporations Act (Ontario) on May 18, 2022. Franchisor’s registered office and principal business address is 1565 Maple Grove Rd, Kanata, ON K2V 1A3, Canada. Franchisor’s phone number is 613-470-0707 and e-mail is info@perfectskating.ca. The website for the franchisor is www.perfectskating.ca. We have offered Perfect Skating franchises in the United States since August 2022.

Our agent for service of process in Ontario is Clark Harrop, Dale & Lessmann LLP, 181 University Avenue, Suite 2100, Toronto, Ontario, M5H 3M7. Our agents for service of process in registration states are disclosed in Exhibit A to this Disclosure Document. Franchisor does not have any parents.

Franchisor has two (2) affiliates.

Our affiliate PERFECT SKATING FRANCHISING INC., a Canadian corporation formed on December 22, 2017, has offered Perfect Skating franchises in Canada since 2018. Its principal business address is 1565 Maple Grove Rd, Kanata, ON K2V 1A3, Canada

Our affiliate Perfect Skating Inc., a Canadian corporation was formed on March 10, 2010. It owns the trademarks being licensed by Franchisor and operates all Perfect Skating corporate units. Its principal business address is 1565 Maple Grove Rd, Kanata, ON K2V 1A3, Canada

The main contact person at Franchisor is Andrea Allard, whose e-mail address is info@perfectskating.ca.

We have not offered or granted a franchise in another line of business or any other type of franchise.

Agreements

Franchisee will be required to execute a franchise agreement (“Franchise Agreement”) and other agreements relating to the Franchised Business, substantially in the forms attached to this disclosure document as part of Exhibit B.

Our Business

We grant franchises the right to operate hockey specific skating instruction under the name “Perfect Skating” and other marks designated by Franchisor from time to time (collectively referred to as the “Marks”). We are not currently engaged in any other business. We have not conducted business in any other lines of business and do not offer franchises under any other names.

Perfect Skating Franchised Businesses offer specialized programs to children and adults that include unique methodology, technology, and know-how to evaluate and improve an individual’s on-ice movement and on-ice movement asymmetries (the “Perfect Skating Methodology”) and related products.

Market and Competition

The market for hockey specific training is relatively new in the United States and is not well developed although there are a number of sports training businesses. The market for Perfect Skating Franchised

Businesses includes individuals and/or entities who need or desire hockey specific training, products, and services. The competition for Perfect Skating Franchised Businesses includes other businesses offering similar products and services to individuals and/or entities. The market for the sports training industry is well established and competitive. These competitors may include other sports training facilities, athletic programs, athletic clubs, and/or franchises.

Laws and Regulations

Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of a Perfect Skating Franchised Business. For example, state licensing and certification requirements may apply to persons who perform fitness, teaching, or services involving children and adults. In all cases, you must also comply with laws that apply generally to all businesses. You should investigate these laws and consult with a legal advisor about whether these and/or other requirements apply to your franchise. In addition to laws and regulations that apply to businesses generally, your Perfect Skating Franchised Business may be subject to federal, state, and local occupational safety and health regulations, the Equal Employment Opportunity Act, the Americans with Disabilities Act, and similar local and state rules and regulations. There may be other laws and regulations in your city, state, or county that may apply to the operations of your Perfect Skating Franchised Business. We require all franchisees to conduct criminal background checks on any persons, including but not limiting to, trainers and other staff that will be working with minors.

ITEM 2: BUSINESS EXPERIENCE

Shawn Allard- Shawn created the Perfect Skating brand in 2010 and has been engaged in the line of business associated with the franchise since that time. Shawn is the founder and creator of the Perfect Skating concept and is a director and officer of Franchisor. Since July 2014, Mr. Allard has been an NHL On-Ice Movement and Performance Coach based in Ottawa, Canada.

Kyle Nishizaki-Kyle is the manager of the Ottawa West corporate locations (see Exhibit C). Kyle has been the Manager of Franchising and Head On-Ice Performance Coach for Perfect Skating Inc. since January 2019 and the Research and Development Consultant and Skating and Skills Instruction since April 2014.

Deric Boudreau-Deric is the manager of the Ottawa East corporate locations (see Exhibit C) in Ottawa, Ontario, Canada and has been engaged in the line of business associated with the franchise since February 2021. In addition to his role with Perfect Skating, Deric has been a Communication Research Operator with the Canadian Armed Forces since January 2014. Deric is not an officer or director of Franchisor.

Sutton Allard-Sutton has been our Franchise Support Coordinator and Manager of Research and Development since September 2021. Prior to that, Mr. Allard was a professional hockey player in Europe. Sutton is not an officer or director of Franchisor.

Andrea Allard-Andrea has been our Director of Operations and Franchisee Liaison since our inception. Andrea is also an officer of the franchisor. Since February 2013, Ms. Allard has also been the Office Manager for Perfect Skating Inc. in Ottawa, Ontario, Canada.

Alderic Denis-Alderic has been our Franchise Support Coordinator since November 2022. Between 2017 and November 2022, Alderic was a junior hockey player with several Canadian junior hockey clubs and a on-ice movement and performance coach with us and our affiliates.

**ITEM 3:
LITIGATION**

There is no litigation required to be disclosed in this Item.

**ITEM 4:
BANKRUPTCY**

There are no bankruptcies required to be disclosed in this Item.

**ITEM 5:
INITIAL FEES**

Initial Franchise Fee

The initial franchise fee (the "Initial Franchised Fee") for a Perfect Skating Franchised Business will depend on the size of the Protected Territory awarded pursuant to a Franchise Agreement. The minimum Initial Franchise Fee is twenty thousand dollars (\$20,000). The Initial Franchise Fee is calculated by multiplying the population of the Territory by the per capita number of hockey players in the applicable state (per capita number of hockey players is the total number of hockey players registered with USA Hockey in the state divided by the total population of the state) and dividing the resulting number by 100. The following formula is used to calculate the Initial Franchise Fee:

(1) Number of Hockey Players Registered with USA Hockey in the State in which the Territory is located; (2) divided by the total population of the state in which the Territory is located; (3) multiplied by 100; (4) multiplied by the total population of the Territory.

The Initial Franchise Fee is due and payable upon signing the franchise agreement. The Initial Franchise Fee is non-recurring, is deemed to be fully earned by Franchisor, and is not refundable under any circumstances. Initial Franchise Fees must be paid by wire transfer, cash, or certified funds when you sign Franchise Agreement.

Franchisee Video and Photo Start Up Package

You will pay us to prepare and deliver a video and start up package for your Perfect Skating Franchised Business. This fee is due and payable when we take the video and photos associated with the package. The Franchisee Video and Photo Startup Package currently costs \$750.

Initial Connection Fee for Perfect Skating Application

You are required to utilize our proprietary mobile application in connection with the operation of your Perfect Skating Business. We charge you an initial connection fee of \$850 to set up the application for your use. This fee is payable to us upon invoice.

Website (Microsite) Fee

We charge you a fee to set up a location specific microsite within our website. The Website Fee is currently \$850 and is payable to us upon invoice.

Marketing Materials Fee

You are obligated to purchase banners flyers business cards, folding tables, table skirts, stickers for helmets, and sales kit folders from us. The estimated cost of these products ins \$3,250. These amounts must be paid to us when we invoice you for them.

All fees are payable in United States Dollars (USD).

ITEM 6: OTHER FEES

Type of Fee ¹	Amount ²	Due Date	Remarks
Royalty Fee ³	6% of Gross Revenue	Payable Monthly	First royalty payment due on 1st month after opening.
Advertising Fund ⁴	\$100 per month	Payable Monthly	This is the current amount. Due on the 1st month after opening.
Local Store Marketing	\$100 per month	As incurred	Payable to third parties to market your Franchised Business.
Technology Fee ⁵	\$350 per month	Payable Monthly	This is the current amount. Due on the 1st month after opening. May be increased upon 30 days written notice to you.
Payment Plan Administrative Fee	5% of amount subject to payment plan	5% of each payment	If a client wishes to pay fees on a monthly basis, it will incur a 5% additional administrative fee of the amount they wish to pay overtime, which amount will be paid to Franchisor as consideration for setting up this payment plan.
Ongoing Training (phone)	\$100 per hour	As incurred	This is the current amount.
Ongoing Training (site visit)	\$500 per day plus expenses (or \$200 plus ice costs) \$1,000 per day plus expenses for Shawn Allard personally attending	As incurred	This is the current amount.
Renewal fee	Greater of \$10,000 or 50% of then current initial franchise fee for the Protected Territory (or a comparable territory)	At time of renewal	
Transfer fee	Greater of \$10,000 or 50% of then current initial franchise fee for	At time of transfer	

Type of Fee ¹	Amount ²	Due Date	Remarks
	the Protected Territory (or a comparable territory)		
Interest on Late Payments	2% interest per month, compounded (26.82% per annum) or the highest rate allowed by law	Upon billing	Payable on all overdue amounts. Interest accrues from the original due date until payment is received in full.
Late Payment Fee	\$100 per occurrence per day	On demand	If any amounts due to us are not made by the due date, you will be required to pay us \$100 per occurrence, per day, in addition to interest on overdue amounts.
Audit	\$500 per hour per audit representative	As incurred	Payable only if Franchisee fails to furnish reports or records or if the audit reveals Franchisee has understated Franchisee's Gross Revenue by more than 2%. The hourly rate is subject to change based upon prevailing hourly rates for audit professionals
Indemnification	Will vary under circumstances	As incurred	Franchisee and/or Principal has to reimburse Franchisor if Franchisor is held liable for claims arising from Franchisee's operations.
Purchase of Products	A price not to exceed our supplier cost plus 40%	Ongoing Basis	Franchisee shall purchase Products exclusively from Franchisor or an affiliate of Franchisor for
Supplier Evaluation Fee	The travel expenses, personnel expenses, and testing expenses that we incur in conducting the evaluation	Upon billing	Payable to us if you request that we approve a supplier of products or services that is not currently an Approved Supplier
Costs and Legal Fees	The actual fees and costs we incur	Upon demand	You must reimburse us for the expenses we incur (including reasonable legal fees) as a result of your default of the Franchise Agreement and to enforce and terminate the Franchise Agreement.
Additional Cure Expenses, Collection Costs, and Post Termination / Expiration Expenses	Our cost and expense if we take action to cure any default by you under the Franchise Agreement, including costs of collection for unpaid amounts	Upon demand	Due only if you are in default under your Franchise Agreement, in which case you must reimburse us for the additional expenses we incur (including reasonable legal fees) as a result of your default and to enforce and terminate your Franchise Agreement if necessary. This also

Type of Fee ¹	Amount ²	Due Date	Remarks
			applies if your Franchise Agreement terminates or expires, and we incur expenses in ensuring your compliance with the post-termination and post-expiration provisions.
Uniforms	Estimated to be \$1,000. Will depend upon the number of uniforms you purchase	As required	All staff must wear standard related uniforms and attire during business hours. Uniforms and attire must be in strict accordance with our design and other specifications. The purchase amount may vary depending upon the number of uniforms you purchase.

Notes to Table:

“Gross Revenue” means the total amount of all sales of products and services made from business conducted by Franchisee and all licensees, concessionaires, subtenants, or other persons conducting business for the benefit of the Franchised Business wherever such services are performed and whether or not such sales or other receipts and revenues are evidenced by cash, credit, cheque, charge account, debit, exchange or otherwise.

1. Fees payable to approved suppliers or other vendors (other than us) are subject to change at any time. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. At the present time we have no plans to increase payments over which we have control. All fees payable to us or our affiliates are non-refundable.

All dollar figures in this Disclosure Document are in United States Dollars and do not include any applicable taxes, which taxes are your responsibility, unless otherwise indicated. If any amounts payable by you to us are subject to withholding or other taxes that you are required to deduct from such payments, you shall deduct such taxes and remit such taxes to the appropriate taxing or governmental authority. Below is a brief description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party under the terms of the Franchise Agreement.

2. Franchisor does not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, Franchisee’s creditworthiness, collateral Franchisee may have, and lending policies of financing institutions.

3. The royalty fee is due monthly as agreed in the Franchise Agreement. “Gross Revenue” means the total amount of all sales of products and services made from business conducted by Franchisee and all licensees, concessionaires, subtenants, or other persons conducting business for the benefit of the Franchised Business wherever such services are performed and whether or not such sales or other receipts and revenues are evidenced by cash, credit, cheque, charge account, debit, exchange or otherwise.

4. Franchisor intends to establish an advertising fund and Franchisee's monthly contribution may vary over time. Franchisee's current monthly contribution to the Advertising Fund is \$100 per month.

5. A technology fee in an amount determined by Franchisor from time to time (and initially set at Three Hundred Fifty Dollars (\$350), plus all applicable taxes) shall be paid by Franchisee to Franchisor on a monthly basis for each month of the Initial Term and any renewal term. The Technology Fee is payable at the same time and in the same manner as the Royalty Fee set forth above. Currently, the Technology Fee includes Training Hub, CRM, Shopify, Perfect Skating proprietary app, and virtual office software and/or online services. We reserve the right to modify the technology services included with the Technology Fee. We may increase the Technology Fee upon written notice to you if we decide to deliver additional technology services to you or if the costs and expenses associated with delivering the included technology services to you increase. Any increase in the Technology Fee will be based upon an increase in our costs and expenses in delivering the included technology services to you.

6. At Franchisee's request, Franchisor will provide additional assistance beyond Franchisor's standard support, at a cost to Franchisee based on Franchisor's then current daily fee for the respective personnel performing such assistance plus other reasonable expenses including all transportation, lodging and other expenses.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure ^{(1) (2)}	Estimated Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Initial Franchise Fee ⁽³⁾	\$20,000	\$120,000	Lump Sum	Payment due on execution of Franchise Agreement	Us
Start-up Equipment Package (tracksuit, helmet, gloves, coaches' bags)	\$500	\$500	Lump Sum	As incurred	Approved Suppliers
Laptop and cell phone	\$1,500	\$1,500	As arranged	As incurred	Approved Suppliers
Franchisee Video and Photo Start Up Package	\$750	\$750	Lump Sum	As incurred	Us
Marketing Materials which include banners, flyers, business cards, folding tables, table skirts, stickers for helmets, sales kit folders, etc.	\$3,250	\$3,250	Lump Sum	As incurred	Us
Initial Connection Fee for Perfect Skating App	\$850	\$850	Lump Sum	As incurred	Us
Setup for microsite within Perfect Skating website	\$850	\$850	Lump Sum	As incurred	Us
Travel & Living Expenses While Training ⁴	\$2,500	\$5,000	As arranged	As incurred	Approved Suppliers
Business Licenses and Registrations ⁵	\$500	\$1,200	Lump Sum	Pre-opening	Approved Suppliers

Type of Expenditure ^{(1) (2)}	Estimated Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Accounting and Legal Professional Fees including cost of Incorporation ⁶	\$3,000	\$5,000	As arranged	As incurred	Approved Suppliers
Insurance ⁷	\$1,000	\$1,000	As arranged	Pre-opening	Approved Suppliers
Technology Fee (3 months)	\$1,050	\$1,050	One (1) month after opening date and monthly thereafter	Monthly	Us
QuickBooks (3 months)	\$90	\$90	Upon establishment of QuickBooks account and monthly thereafter	Monthly	Approved Suppliers
Uniforms	\$1,000	\$1,000	As arranged	As incurred	Approved suppliers
Ice-time Rental ⁸	\$2,400	\$36,000	As arranged	As incurred	Approved Suppliers
Pre-Opening Advertising ⁹	\$5,000	\$5,000	As arranged	As incurred	Approved suppliers
Additional Funds (3 months) ⁽¹⁰⁾	\$10,000	\$15,000	As arranged	As incurred	Approved Suppliers
TOTAL	\$54,240	\$198,040			

Notes to Table:

1. The Fees payable to us are not refundable. Franchisor does not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, Franchisee's creditworthiness, collateral Franchisee may have, and lending policies of financing institutions. All amounts specified in this Item 7 are in United States Dollars.

2. These above amounts are estimates of Franchisee's initial start-up expenses. These expenses do not include any draw or salary for Franchisee or Principal.

3. The range of Initial Franchise Fees is based upon our experience in establishing Territories in Canada and our estimated territories in the United States. The minimum Initial Franchise Fee is \$20,000. The range reflects an estimate of the range of Initial Franchise Fees that we anticipate charging in 2025. We will evaluate the size of the proposed Territory, population in the proposed Territory, number of youth hockey players in the Territory, and other business related criteria. If you desire to acquire a larger Territory then contemplated in our current estimated territories, the Initial Franchise Fee may be higher than the estimated range above.

4. The cost of the Initial Training Program for Franchisee, Principal and/or proposed manager of the Franchised Business (in accordance with Section 10.1 of the Franchise Agreement) is included in the Franchise Fee, but you are responsible for transportation and expenses for meals and lodging while attending training. The total per diem costs will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. The lower end of our estimate assumes that the trainees live within driving distance of our training facility. These expenses are typically non-refundable. Before making airline ticket, hotel, rental car, or other reservations, you should inquire about the refund

policy in the event you have to cancel any reservation. See Item 11 of this Disclosure Document for details regarding training.

5. This item covers miscellaneous opening costs and set-up expenses, including but not limited to business licenses, etc. The cost and difficulty of obtaining business and other licenses, and related permits will vary greatly in each jurisdiction.

6. Your actual costs will depend on the hourly rates charged by your advisors and how much you use their services.

7. You are required to obtain insurance in such minimum amounts and for such coverages as we may require.

8. You will not lease real property or maintain a separate building to operate your Perfect Skating business. You will lease ice time from existing ice rinks, ice sheets, or similar locations. Market prices for renting ice will vary depending on local market conditions and Franchisee should verify these numbers in the area where it intends to do business, prior to making any commitment.

9. You are required to spend a minimum of \$5,000 on a pre-opening and opening promotional campaign for the Franchised Business during the period from at least 45 days immediately preceding the opening of the Franchised Business and until 6 weeks after the opening of the Franchised Business. These funds are paid to third party suppliers from whom you will purchase branding and promotion products and services and are typically not refundable. We must approve of the pre-opening advertising campaign, including the marketing materials used and their placement before you conduct it.

10. Additional funds will be required to finance operations until a positive cash flow is achieved. This is our estimate of the additional funds that you will need for the first three (3) months of operating your Perfect Skating Franchised Business. This estimate is based upon our experience and the experience of our Affiliates and franchisees in opening and operating Perfect Skating businesses. Franchisor strongly recommends that Franchisee consult its accountant or other financial experts to determine the initial working capital requirements.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods and Services

You must purchase certain products, supplies, insurance, inventory, signage, fixtures, furniture, equipment, décor and other specified items under specifications and standards that we periodically establish in our Manual or other notices we send to you from time to time. These specifications are established to provide standards for performance, durability, design, and appearance. You must purchase such products, supplies, insurance, etc. required for the operation of your Perfect Skating Business solely from us or our suppliers (including distributors, manufacturers, and other sources) who have been approved in writing by Franchisor, as set forth in the Operations Manual. You are not allowed to purchase any item from an unapproved supplier. When selecting suppliers, we consider all relevant factors, including the quality of goods and services, service history, years in business, capacity of supplier, financial condition, terms, and other requirements consistent with other supplier relationships. We maintain written lists of approved items of equipment, fixtures, inventory, and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. All such suppliers and approved vendors will be listed in the Manual, which must always be followed, even as modified, and updated by Franchisor. We will notify you

whenever we establish or revise any of our standards or specifications, or if we designate approved suppliers for products, equipment, or services.

We are currently an approved vendor or the only approved vendor of hockey equipment, jerseys, closing, coaching bags, embroidery, banners, and posters that you will use in connection with the operation of your Perfect Skating Franchised Business. We estimate that the purchase of required products and services from us or required suppliers represents between 5% and 10% of your total purchases and leases in establishing the franchise business and approximately 5%-10% of your total purchases and leases, on an annual basis, in operating your franchise business. Because Shawn Allard and Andrea Allard own us, they own an interest in a supplier as we are the only approved vendor of things that you are obligated to purchase.

You must comply with our requirements to purchase or lease real estate, goods, and services according to our specifications and/or from approved suppliers to be eligible to renew your franchise.

You are obligated to purchase those products and services that we specify exclusively from us, our Affiliates, and/or other designated or approved vendors. Your failure to comply with these requirements will render you ineligible for renewal, may be a default allowing us to terminate your franchise agreement, and may result in our refusal to enter into additional franchise agreements with you.

Approval of Alternative Suppliers

Franchisor does not have any specific written criteria for supplier selection and does not intend at this time to prepare one. Therefore, Franchisor will not furnish its criteria for supplier approval to Franchise Owners. If you would like to purchase items from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier. We will notify you of our approval or disapproval within thirty (30) days of your written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the travel expenses, personnel expenses, and testing expenses that we incur) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier does not continue to meet any of our criteria.

Revenue from Franchisee Purchases

In 2024, we collected Gross Revenues of \$37,445 which includes Gross Revenues of \$0 from franchises required purchases or leases of equipment from us or required vendors (the net revenue for such purchases after deducting the cost for such equipment is \$0, or approximately 0% of our 2024 Gross Revenues).

The cost of purchasing required products and services to meet our specifications will represent approximately 5-10% of your total purchases in establishing your franchise and approximately 5-10% of your total purchases during the operation of your franchise.

We reserve the right to enter additional arrangements with suppliers in the future. However, in the event we enter agreements with any such suppliers, we anticipate that any revenue or other consideration received would probably include promotional allowances, rebates, volume discounts, and other payments, and would probably be equal to zero to ten percent (0-10%) of the amount of the goods or services you purchase from the supplier. We expect that at least some of these arrangements will generally allow us to obtain discounts off standard pricing and pass at least a portion of the savings on to you.

Negotiated Prices, Cooperatives and Material Benefits

We may negotiate price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating your Perfect Skating Business. There currently are no purchasing and distribution cooperatives. We do not provide any material benefits to you if you buy from sources we approve.

Advertising Specifications

You must obtain our approval before you use any advertising and promotional materials, signs, forms, and stationary unless we have prepared or approved them during the twelve (12) months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards, and letterhead from approved vendors only. Further, you must not engage in any advertising of your Perfect Skating Business unless we have previously approved the medium, content and method. You may not use a website other than ours without our written approval.

Records

All your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our requirements. Recommended software to use for bookkeeping and accounting records is QuickBooks.

Computer-Related Equipment and Software

You will also be required to pay a monthly Technology Fee of \$350 for the continuing use, development, and upgrades of certain software that we prescribe, plus any costs/fees relating to the merchant services provided by our approved vendor. We reserve the right to increase this fee after giving you thirty (30) days prior written notice. The Technology Fee also covers costs related to maintaining our website, your microsite, file storage, and all information technology associated costs. You will also be required to have access to a broadband Internet connection at all times.

Insurance

You are required to maintain the following types of insurance and coverage amounts at all times during the operation of your Perfect Skating business.

- (a) Commercial General Liability Insurance in the minimum amount of Three Million Dollars (\$3,000,000) per occurrence insuring bodily injury, personal injury, and property damage with respect to product liability, premises liability, non-owned automobile liability, and employers' liability. Such policy shall include a cross liability/severability of interests clause and shall name the Franchisor as an additional insured with respect to the actions and operations of the Franchisee. Defence costs under such policy shall apply in addition to the limits of liability. Such insurance shall apply on a primary basis.
- (b) All Risks Property Insurance including flood, earthquake, windstorm, and sewer back up, insuring the full replacement value of all property owned or leased or the responsibility of the Franchisee to insure including buildings (if applicable), leasehold improvements, equipment, plate glass, signs, and stock. The policy shall add landlords and the Franchisor as additional insureds and loss payees as their respective interests may appear.
- (c) Automobile insurance in the minimum amount of One Million Dollars (\$1,000,000) per occurrence on any vehicles owned or leased by the Franchisee;

- (d) Crime Insurance in the minimum amount of Fifty Thousand Dollars (\$50,000) insuring robbery, burglary, and employee dishonesty; and
- (e) Workers' Compensation Insurance as required by law.

All policies of insurance shall:

- (a) be placed only with insurers designated or reasonably acceptable to the Franchisor;
- (b) be in such form and amounts as is acceptable to the Franchisor;
- (c) contain a clause that the insurer will not cancel, materially change, or refuse to renew the insurance without first giving to the Franchisor thirty (30) days' prior written notice;
- (d) be renewable at times specified by Franchisor; and
- (e) name Franchisor as an additional named insured.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligations	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	6.1	Item 11
b. Pre-opening purchases/leases	6.2	Items 7 and 8
c. Site development and other pre-opening requirements	12.9	Items 6, 7 and 11
d. Initial and ongoing training	10.1, 11.2	Item 11
e. Opening	10.1, 12.9	Item 11
f. Fees	Article 5	Items 5 and 6
g. Compliance with standards and policies/operating manual	Article 12	Items 8 and 11
h. Trademarks and proprietary information	Article 8	Items 13 and 14
i. Restrictions on products/services offered	12.2	Item 16
j. Warranty and customer service requirements	Not applicable	Not Applicable
k. Territorial development and sales quotas	3.3	Item 12
l. On-going product/service purchases	6.2, 9.5, 12.8	Item 8
m. Maintenance, appearance, and remodeling requirements	8.3, 12.1	Item 11
n. Insurance	Article 13	Items 6, 7 and 8
o. Advertising	5.4-5.6, 12.9	Item 11
p. Indemnification	13.4	Item 6
q. Owner's participation/management and staffing	12.1(d), 12.7	Item 15

Obligations		Section in Franchise Agreement	Disclosure Document Item
r.	Records/reports	Article 7	Item 6
s.	Inspections/audits	7.1, 7.6, 8.2(c)	Item 6
t.	Transfer	Article 16	Item 17
u.	Renewal	4.2, 4.3	Item 17
v.	Post-termination obligations	Article 15	Item 17
w.	Non-competition covenants	Article 19	Item 17
x.	Dispute resolution	1.6	Item 17
y.	Owners/ Shareholders/ Spousal Guarantee	17.1	Item 22
z.	Other		

ITEM 10: FINANCING

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

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

EXCEPT AS LISTED BELOW, FRANCHISOR IS NOT REQUIRED TO PROVIDE YOU WITH ANY ASSISTANCE.

Obligations-Perfect Skating Franchised Businesses:

Before you open your Perfect Skating Franchised Business for business, we or our designee will:

1. Review and approve or disapprove the proposed location for your Perfect Skating Franchised Business within the geographic area specified in your Franchise Agreement or an addendum to your Franchise Agreement (“Protected Territory”). We require that you have selected, and we have approved your proposed location before we will sign the Franchise Agreement. It usually takes us no more than thirty (30) days to review and approved your proposed location. The location must meet our criteria for demographics; traffic count; parking; ingress and egress; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. Perfect Skating Franchised Businesses are typically located in privately and publicly owned indoor ice rinks, home office/hockey arenas, or similar locations with dressing rooms, locker rooms, suitable ice, and related services where you are able to secure ice time on an hourly basis. We do not typically own or lease locations to our franchisees. For each proposed Perfect Skating Franchised Business site, you must submit to us, in the form we specify, a description of the location and any other information or materials that we may require. The criteria that we utilize to evaluate your proposed location are neighborhood demographics, traffic patterns, parking size, layout, and other physical characteristics for a Perfect Skating Franchised Business. If you fail to identify a mutually agreeable location by the established deadline, then we may terminate your Franchise Agreement. (Franchise Agreement –Section 6.1)
2. Identify the products, materials, supplies, and services you must use to develop and operate your Perfect Skating Franchised Business, the minimum standards, and specifications that you must satisfy in developing and operating the franchise, and the designated and approved suppliers from whom you must or may buy or lease these items (which might be limited to or include us and/or our affiliates). While we do not provide direct assistance in obtaining, delivering, or installing equipment, signs, fixtures, inventory

and supplies, we do provide you with the information about these items in our Operations Manual, including a list of approved suppliers (Franchise Agreement – Section 8.3).

3. Provide you with specifications for the Computer System for your Perfect Skating Franchised Business. (Franchise Agreement – Section 12.1(h))

4. After signing your Franchise Agreement, but no later than thirty (30) days before your Perfect Skating Franchised Business opens for business, we will provide the Initial Training program for your Perfect Skating Franchised Business to you, other members of your management team, and any agents you employ. (Franchise Agreement –Section 10.1) You (if you are an individual) or at least one of your Principals as defined in your Franchise Agreement (if you are a legal entity), your general manager ("General Manager") (if we agree for you to have a general manager; see Item 15), and other members of your management team that we designate must complete this Initial Training program to our satisfaction. The Initial Training Program includes classroom instruction, operation training, and on-the-job franchise operation training at either a performance center or other location we designate. There will be no tuition charge for these training programs for any persons who attend, but you must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all of your personnel who attend the training programs. All persons who attend the Initial Training program must complete it to our satisfaction.

Time to Open:

Unless we agree otherwise, you must open the Perfect Skating Franchised Business within three (3) months after signing your Franchise Agreement. We estimate that the Perfect Skating Franchised Business will typically open for business approximately three (3) months after signing Franchise Agreement. Factors affecting this length of time include locating a location for your Perfect Skating Franchised Business, construction or remodeling of the location (if required), completion of required training, financing arrangements, local ordinance and building code compliance, delivery and installation of equipment, and hiring and training of your staff (Franchise Agreement – Section 6.3). We do not provide assistance with conforming the premises to local ordinances, building codes, construction and/or remodeling or obtaining required permits.

Post-Opening Obligations-Perfect Skating Franchised Businesses:

After your Perfect Skating Franchised Business opens for business, we or our designee will:

1. Provide you with guidance and assistance in the following areas: (a) the Products and Services authorized for sale and specifications, standards, and operating procedures used Redline franchises; (b) purchasing approved equipment, furniture, furnishings, signs, products, operating materials, and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and operating and management procedures; (e) establishing and conducting employee training programs; (f) changes in any of the above that occur from time to time; and (g) specify any approved brands, types and/or models of equipment, furniture, fixtures, and signs (Franchise Agreement – Section 11.1).

2. Allow you to use our Marks and Confidential Information in operating your Perfect Skating Franchised Business (Franchise Agreement –Article 8 Article 9). You must use the Marks and Confidential Information only as authorized in Franchise Agreement and our Operations Manual. See Items 13 and 14 for additional information.

3. We will provide you with additional, on-going, and supplemental training programs upon our determination that you and/or other franchisees require additional training. (Franchise Agreement – Section

11.2) We will hold mandatory and optional training programs for you and your staff regarding new techniques, services or products, and other appropriate subjects if and when we adopt such new techniques, services, or products. We will decide to hold these training programs at our own initiative, or in response to your request for additional or special training. We will determine the location, frequency, and instructors of these training programs. We may, but do not currently, charge you a daily attendance fee in an amount to be set by us for each owner, officer, director, manager, or employee of yours who attends any mandatory or optional training program (see Item 6). You must pay this fee to us in a lump sum before the Initial Training Program begins. You must pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel. We will hold Initial Training classes or courses approximately once a month but may hold them more or less frequently depending on the number of Franchisee personnel that need to be trained.

4. Review and approve or disapprove your advertising, marketing, and promotional materials. (Franchise Agreement – Section 11.1(a)) See Items 8 and the rest of this Item 11 for additional information about our advertising-related requirements and approval process.

5. We will intermittently conduct inspections and/or audits of your Perfect Skating Franchised Business, including evaluations of its training methods, techniques, and equipment; its staff; and the services rendered to its customers. (Franchise Agreement – Section 8.7) and provide you with additional guidance and training based on the results of these inspections and/or audits.

6. If requested by you, we will provide you with a Company's employee or agent to assist you with the operation of your Perfect Skating Franchised Business ("Company Assistance"). The cost of the services provided by Franchisor pursuant to the foregoing Section shall be additional to the continuing Royalty Fee and other amounts payable by the Franchisee hereto. The current hourly fee for such additional training if by telephone is One Hundred Dollars (\$100) per hour. The current daily fee is Five Hundred Dollars (\$500) and the current daily fee if such services are conducted by Shawn Allard is One Thousand Dollars (\$1,000). (Franchise Agreement – Section 11.3).

Advertising and Marketing:

Advertising by You

You are currently required to spend \$100 per month to market and advertise your Perfect Skating Franchised Business. We may impose a requirement to spend a specific amount of money on marketing and advertising upon 30 days written notice to you. You may only use advertising material that is approved by us. Any advertising or marketing material that you intend to use must receive prior written approval from us. If you do not receive our written disapproval within fifteen (15) days from the date the materials are delivered to us, then the materials will be deemed approved. The approval of the marketing or advertising material is valid for one year. (Franchise Agreement – Section 12.8) You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising. We are not required to spend any amount on advertising in your area or territory.

Perfect Skating Franchised Business franchisees may be required to join and participate in advertising cooperatives ("Co-op"), which is an association of other Perfect Skating Franchised Business Franchise Owners whose Perfect Skating Franchised Businesses are located within a defined Area of Dominant Influence ("ADI"). An ADI is a geographic market designation that defines a broadcast media market, consisting of counties, cities, or other geographic identifiers in which home market television stations receive a preponderance of viewing. One function of the Co-op is to establish a local advertising pool, of

which the funds must be used for franchisee advertising only and for the mutual benefit of each Co-op member. You must contribute to the pool in accordance with the rules and regulations of the Co-op, as established by the Co-op members. Co-ops are administered by the Co-op members. We do not have any prescribed Co-op documents; however, we must approve any such documents before the Co-op is established to ensure they do not conflict with the terms of any of our franchise agreement and manuals. All Perfect Skating Franchised Business Franchise Owners within an established Co-op must contribute on an equal basis to the cooperative. Franchisor-owned outlets are not required to, but may, join local or regional Co-ops which are established. If a franchisor-owned outlet joins a Co-op, the Franchisor-owned outlet will be subject to the rules and regulations of the Co-op and the Franchisor-owned outlets will not have any veto powers on fees imposed by the Co-op. We expect that a Co-op will be formed after there are 5 to 8 franchisees within your geographic region. We must approve the formation of a Co-op in any area. We may withdraw our approval of an established Co-op, in which case, any unused fees collected by the Co-op must be returned to the members of the Co-op in proportion to the contributions made by the Co-op members. Amounts contributed to the advertising pool by Franchise Owners may be counted toward your Minimum Local Advertising Requirement. (Franchise Agreement – Section 12.8)

Advertising by Us

We have created an advertising fund (the “Ad Fund”) to accomplish those advertising and promotional programs we deem necessary or appropriate for all Perfect Skating Franchised Businesses in the United States. (Franchise Agreement – Section 5.4) Each Perfect Skating Franchised Business franchise must contribute to the Ad Fund(s) in such amounts that we periodically require. The current required contribution amount is one hundred dollars (\$100) per month. See Item 6 for the amount of your required contribution to the Ad Fund. We have the right to increase or decrease your contribution to the Ad Fund upon thirty (30) days written notice to you. Any Perfect Skating Franchised Business owned by us must also contribute to the Ad Fund on the same basis as you. There is a separate Ad Fund for advertising and promotion programs that Perfect Skating Franchising US Inc. deems necessary for Perfect Skating Franchised Businesses in Canada.

Franchisee will pay to Franchisor an advertising contribution on a monthly basis equal to One Hundred Dollars (\$100) for each month (“Advertising Fund Contribution”) of the term for use by Franchisor in formulating, developing, producing and conducting advertising and promotional programs including without limitation commercial prints, merchandising materials, website maintenance and updates, special promotions and similar advertising and promotional material (the “Advertising Programs”) for the benefit of all franchise and corporate units, including Franchisee. (Franchise Agreement-Sections 5.4 and 5.5)

We will direct all marketing programs financed by the Ad Fund, and will have sole discretion over the creative concepts, materials, vendors, purchases, and endorsements used by the Ad Fund, and the geographic, market, and media placement and allocation of the Ad Fund. An Ad Fund may be used to pay the costs of administering regional and multi-regional advertising programs, including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. We will not use Ad Fund contributions for advertising that is principally a solicitation for the sale of franchises.

The Ad Fund will be accounted for separately from our other funds and will not be used to pay any of our operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the Ad Fund and their marketing programs, including preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Ad Fund in that year, and the Ad Fund may borrow from us or other lenders to cover the Ad Fund’s deficits or invest

any surplus for future use by the Ad Fund. Our Ad Fund may be audited annually, in our discretion, at the same time as the audit of our other financials records is done. We will, upon the written request from one or more franchisees, prepare an annual unaudited statement of monies collected and costs incurred by the Ad Fund, and will provide it to you upon written request.

Our affiliate Perfect Skating Franchising Inc. created and accounts for a separate advertising Fund (the "CA Ad Fund") for Perfect Skating Franchised Businesses in Canada. the Ad Fund and CA Ad Fund will be accounted for separately although they may, in certain instances, pool resources.

Although we will endeavor to use the Ad Fund to develop advertising and marketing materials and programs and place advertising that will benefit all Perfect Skating Franchised Businesses, we do not have to ensure that the Ad Funds' expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by franchises in that geographic area, or that any franchise will benefit from the development of advertising and marketing materials or the placement of advertising by the Ad Fund directly or in proportion to the franchise's contribution to the Ad Fund. We assume no direct or indirect liability or obligation to you or any other franchise in connection with the establishment of an Ad Fund, or the collection, administration, or disbursement of monies paid into any Ad Fund. We are not required to spend any amounts from the Ad Fund for advertising in your area or territory.

We may suspend contributions to, and the operations of any Ad Fund for any period we deem appropriate and may terminate the Ad Fund upon thirty (30) days' written notice to you. All unspent monies held by the Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other franchisees in proportion to each party's respective contributions to the Ad Fund during the preceding twelve (12) month period. We may reinstate a terminated Ad Fund upon the same terms and conditions set forth in Franchise Agreement upon thirty (30) days' advance written notice to you.

During fiscal year ended August 31, 2024, we did not collect any Ad Fund contributions.

The Advertising Programs are intended to maximize general public recognition and acceptance of all franchise and corporate units, including Franchisee. All decisions from time to time regarding the mix of advertising, the use of contributions, the selection of media and of advertising and promotional content shall be within the sole discretion of Franchisor. This advertising contribution shall be in addition to local advertising requirements. (See Section 5.5 of the Franchise Agreement)

Franchisor may maintain and administer a general advertising fund (the "Fund") for such national, regional, and other advertising and promotional programs (including gift certificates, gift cards and coupons) as it may deem necessary or appropriate. All costs including, without limitation, media costs, market research costs, production costs, commissions, system-wide or regional conferences and conventions, brand management costs, internal marketing department costs (including salaries and other compensation), media costs, product and services research, printing costs, administrative costs and overhead incurred by Franchisor in connection with the Advertising Programs shall be paid from the Fund. (See Section 5.4 of the Franchise Agreement)

Franchisor shall, on a written request from Franchisee within one hundred twenty (120) days after its fiscal year end, provide Franchisee with a summary report as to receipts and disbursements in respect of the Fund in such period. (See Section 5.5 of the Franchise Agreement)

Any internet website, e-mail addresses, or other means of electronic communication (including any form of social media) created and/or operated by or on behalf of Franchisor related directly or indirectly to advertising or promotion of the Franchise System, Products and/or Franchised Business is a form of

“advertising” under the Franchise Agreement and may be paid for by the Fund. (See Section 5.5 of the Franchise Agreement)

In the current fiscal year, we project that the monthly amount of the advertising contribution for the Fund from Franchisee will be One Hundred Dollars (\$100) per month, of which one hundred percent (100%) will be spent on advertising campaigns in the fiscal year of the contribution. If, however, a portion of the Fund is not spent in any given fiscal year, such surplus will remain in the Fund and be carried over to the next fiscal year. Our corporate locations will also contribute to the Fund (See Section 5.5 of the Franchise Agreement)

The Fund will be administered by Franchisor.

Advisory Council:

We may establish and receive input and feedback from an advisory council comprised of franchisee representatives. The advisory council, if established, may be elected by our franchisees, or appointed by us. If established, the advisory council will serve in an advisory capacity only and will not have operational or decision-making power. We may alter the function and/or composition of any advisory councils at any time, and may otherwise form, change, or dissolve advisory councils. As of the date of this Disclosure Document we have no advisory councils.

Websites:

You may not have or utilize a website other than ours, without our prior written approval. You may host or utilize social media relating to your franchise, or other types of advertising websites, such as Facebook, LinkedIn, Groupon, Living Social, or any other similar sites. However, if you offer coupons or discounts using or on any social media or other similar sites, you must get our prior written approval. (Franchise Agreement –Section 8.9)

Table of Contents of the Operations Manual:

Our Operation Manual presently contains ____ pages. The Table of Contents of our Operations Manual is attached to this Disclosure Document as Exhibit G.

Initial Training Program (Franchise Agreement – Section 10.1):

The Franchise System and the Perfect Skating Methodology is an elite performance skating program. Franchisee, its Principal and/or its proposed manager must have the ability to perform and train others on elite-level technical skating skills. Prior to be admitted into the Initial Training Program your skating ability will be assessed through a series of video-recorded on-ice movements that will be used to determine whether you possess the technical skating skills (or are likely to be able to acquire the technical skating skills) required of a Perfect Skating franchisee. You will not be admitted into the Initial Training Program if you do not possess technical skating skills necessary to perform and operate the Perfect Skating Methodology.

Franchisee, its Principal and/or the proposed General Manager of the Franchised Business must attend and complete an initial training program (the “Initial Training Program”) and demonstrate during the Initial Training Program that they are capable of delivering the Perfect Skating Methodology to Franchisee’s students and operating a Perfect Skating business in a manner consistent with the manual and other materials that we provide. The Initial Training Program shall last approximately seven (7) days, or for such longer period of time as Franchisor may require. The Initial Training Program includes instruction relating to the operation and management of the Franchise System and the Franchised Business, operations and

management, sales and marketing, administration and finance, client service delivery, employee recruitment, hiring, training, and scheduling, insurance, computer software systems and on-the-job training. The Initial Training Program shall be held at such place in Ottawa, Canada designated by Franchisor and Franchisee shall be responsible for all costs relating to the Initial Training Program including without limitation all out-of-pocket costs, travel, transportation, lodging, and other expenses incurred during such training with the exception of Franchisor's own labour costs relating to administering such Initial Training Program.

The Initial Training Program for Perfect Skating Franchised Businesses currently includes the following:

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Movement Theory/Platform Theory/Program Shadowing	4.0	4.0	Head Office, Bell Sensplex, Ottawa ON
Movement Theory Cont'd/Intro to Movement Patterns/Intro to PS Program Framework/Program Shadowing	2.0	6.0	Head Office, Bell Sensplex, Ottawa ON
Intro to Skills/Adding Complexity/SAM Programming/Team Sessions/Specialty Programming/Program Shadowing	2.0	6.0	Head Office, Bell Sensplex, Ottawa ON
PS Development Model/Performance Development/Elite Player Development Programming/Program Shadowing	2.0	6.0	Head Office, Bell Sensplex, Ottawa ON
Game to Transfer Performance/Elite Player Development Cont'd/Practical Training Development Training to Run Sessions/Practice	2.0	6.0	Head Office, Bell Sensplex, Ottawa ON
TOTAL	12	28	

Explanatory Notes:

(1) Franchisee, your Principal, and your General Manager must attend the Initial Training program. The Initial Training Program will be scheduled, on an as needed basis, based upon your availability and the availability of the Franchisor employees involved in providing the Initial Training Program.

(2) Franchisor also may offer additional or refresher video training courses from time to time. Some of these courses may be mandatory, and some may be optional. These courses may be conducted at Franchisor's headquarters, Franchisor's Performance Center, or at any other location designated by Franchisor.

(3) You and/or your employees will be responsible for all out-of-pocket expenses in connection with all training programs, including costs and expenses of transportation, lodging, meals, wages, and employee benefits. Franchisor reserves the right to impose reasonable charges for training classes and materials in connection with such training courses. Franchisor will notify you of any additional charges before you or your employees enroll in a course.

(5) All classes are scheduled by advance written notice to all Franchise Owners. Franchisor's class cancellation policies will be included in the written notice of class schedules.

(6) The instruction materials for our training programs include handouts, the Operations Manual, and lectures. Our Operations Manual is currently 217 pages long. The Off-Ice Manual is 29 pages long.

(7) Although the individual instructors of the Initial Training Program may vary, all of our instructors have at least 2 of experience in their designated subject area. The following are our main instructors: Kyle Nishizaki and Deric Boudreau. Mr. Nishizaki has 11 years of relevant experience and Mr. Boudreau has 4 years of relevant experience.

If any proposed manager fails to complete the Initial Training Program to Franchisor's satisfaction, Franchisor shall notify Franchisee and Franchisee may select and enroll a substitute manager in such training program. If two (2) proposed managers fail to complete the Initial Training Program, Franchisor may terminate the Franchise Agreement upon notice to Franchisee. If Franchisor provides training (subject to reasonable limitations prescribed by Franchisor as to frequency and time of such training programs) to any new manager after the launch of the Franchised Business, Franchisee shall pay to Franchisor Franchisor's then-current re-training fee, which currently is Five Hundred Dollars (\$500) per day. Franchisee shall pay all travel, transportation, lodging, and other expenses incurred by Franchisee and its other attendees while attending all training courses.

If Franchisee, its Principal, or its manager fails to complete the Initial Training Program to our satisfaction, we shall have the option to immediately terminate this Agreement. Upon such termination of this Agreement, the parties shall deliver to each other such releases and other documents as may be required to fully terminate all agreements between the parties in respect of the subject matter of this Agreement. Notwithstanding the foregoing sentence, such releases shall not release any of those rights and obligations which cannot be released at law. In the event of such termination, we shall refund the Franchise Fee within seven (7) days after the effective date of termination less reasonable costs, including without limitation, costs for expenses reasonably incurred by us in connection with the granting of the franchise under this Agreement, the negotiation and execution of this Agreement and any other agreement between the parties, license fees and other costs incurred in relation to the technology start-up, and the cost of the Initial Training Program.

We may terminate this Agreement if Franchisee fails to: (i) commence its initial training program within sixty (60) days following the date of this Agreement, or at such other date that the parties may agree in writing, and (ii) open its Franchised Business within sixty (60) days of the completion of its initial training program to Franchisor's satisfaction. In the event that we elect to exercise its option to terminate this Agreement, we will not refund any portion of the Franchise Fee. (See Section 10.1 of the Franchise Agreement)

We may require you and/or newly hired, previously trained, and experienced employees of your Perfect Skating Franchised Business to attend up to seven (7) days of additional or refresher training courses each year and a national business meeting or convention up to three (3) days per year at the times and locations we designate. We may charge a fee for these courses, conventions, and programs. You are responsible for all travel and living expenses. If you fail to attend any required training courses, conventions, or programs, we may charge a non-attendance fee of \$350 per day.

Additional Training and Conventions

Additional training, retraining, refresher courses, seminars, or management/franchisee meetings may be provided by Franchisor and Franchisee shall ensure that its designated employees attend any such training or educational events (if deemed mandatory by Franchisor) and successfully complete such programs as

required by Franchisor from time to time. The fees payable by Franchisee related to such training, retraining, refresher courses, seminars, or management/franchisee meetings shall be at Franchisor's then current daily fee. In addition to Franchisor's fees all travel and living expenses and all wages or other amounts payable to any trainees or attendees are the responsibility of Franchisee and no wages or other amounts shall be payable by Franchisor to any such trainee or attendee for any service rendered during the course of such events or training. Franchisee shall ensure that its designated employees attend any mandatory training or educational events and successfully complete such programs as required by Franchisor from time to time. The current fee related to the above is Five Hundred Dollars (\$500) per day or One Thousand Dollars (\$1,000) per day if such training is conducted by Shawn Allard. The hourly fee for any consultations by phone related to above is Seventy-Five Dollars (\$75) per hour. (See Section 11.2 of the Franchise Agreement)

Ongoing Assistance

Franchisor shall furnish to Franchisee such advice, guidance, and services as from time to time may be required, as determined by Franchisor in its discretion, with respect to the following:

- (a) hiring and training of employees;
- (b) formulation and implementation of promotional programs;
- (c) purchasing of Products, supplies, and equipment;
- (d) administrative, bookkeeping, merchandising and general operating procedures; and
- (e) periodic bulletins and information concerning various aspects of and improvements to Franchise System.

In addition, upon reasonable written request, Franchisor will use commercially reasonable efforts to provide assistance to Franchisee to aid in providing solutions to problems encountered by Franchisee in the operation of the Franchised Business. If such assistance is provided by Franchisor, it shall be at a cost to Franchisee based on Franchisor's then current hourly or daily fee (as determined by Franchisor) plus other reasonable expenses, including all travel, meal, and accommodation expenses. The current fee per day is Five Hundred Dollars (\$500) and it is One Thousand Dollars (\$1,000) per day for Shawn Allard.

(see Section 11.1 of the Franchise Agreement)

Local Advertising

In addition to the Advertising Fund Contribution, you may expend additional amounts on local advertising. You are currently required to spend \$100 per month to market and advertise your Perfect Skating Franchised Business ("Local Marketing"). We are not required to spend any amount on advertising in your Protected Territory. You may only conduct local advertising activities within your Protected Territory, unless otherwise approved by us. Any advertising and promotion you conduct must be clear, not misleading, must conform to our requirements and must reflect favourably on us, you, the Franchise System and the good name, goodwill, and reputation thereof. We may create and make available to you advertising and marketing materials for your purchase. We may use the Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance, and

support throughout the franchise term on an as- needed basis. If you elect to develop (or have developed for you) your own marketing materials, you must submit these materials to us for our approval before you may use them. We shall have thirty (30) days after receipt of the materials to advise you if they are approved. If we do not provide our specific approval of such materials, they are deemed not approved. Any materials you submit to us will become our property, and there will be no restriction on our use or dissemination of these materials.

If we approve the marketing materials that you submit to us, we may require you to purchase these materials from our designated and approved supplier and you shall provide us or the designated and approved supplier with any information or templates needed to produce the marketing materials. At our request, you shall include certain language in your local advertising materials, including “Franchises Available” and our Website address and telephone number. All approved suppliers are listed in our Operations Manual.

Pre-Opening Advertising

You are required to spend a minimum of Five Thousand Dollars (\$5,000) on a pre-opening and opening promotional campaign for the Franchised Business during the period from at least 45 days immediately preceding the opening of the Franchised Business and until 6 weeks after the opening of the Franchised Business. We must approve of the pre-opening advertising campaign, including the marketing materials used and their placement before you conduct it.

Internet Advertising

Websites (as defined below) are considered as “advertising” under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “**Website**” means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Franchised Business, Marks, us, or the Franchise System. The term Website includes websites and Internet-based social media networking platforms, including, without limitation, Facebook, Instagram, Twitter, and LinkedIn.

All domain names that contain, are comprised of, or are confusing with, the Marks shall be registered in the name of, and managed by, Franchisor, or its licensor. Under no circumstances shall Franchisee register any Internet domain names that contain, are comprised of, or confusing with, the Marks. Franchisor, in its sole discretion, shall decide which domain names may be used by Franchisee. Franchisor shall incur the registration costs associated with the domain name registrations, while Franchisee shall incur the expenses associated with the design and maintenance of its website.

We have a central website that we will manage for all Perfect Skating businesses in the Franchise System. Our website will list each Perfect Skating business and information regarding the Franchise System. We may create a micro-website for Franchisee, consistent with those created for other franchisees in the Franchise System.

You shall be permitted to promote the Goods and Services on the Internet and social media only in a manner and form designated or reasonably approved in writing in advance by us. Any content or posting not approved by us and requested to be removed shall be immediately removed by you.

We have the right to approve or disapprove of the design and contents of any Website or social media account associated with Franchise System or the Marks or the Franchised Business from time to time, and you agree that upon receipt of written notice from us disapproving of any designs or contents of any Website or social media account associated with Franchise System or the Marks or the Franchised Business, you

shall forthwith remove or cause the removal of all such disapproved designs or contents from further display thereon or access therefrom immediately

Any such activity which we approve will have to be conducted in accordance with our then-current Social Media policy.

Intranet

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign. We may conduct mandatory meetings which may take place through this intranet or another web-based program. We expect that the intranet will also provide forums for franchisees to help support each other, to have online meetings, and to access our Manual.

Table of Contents of Operations Manual

The Table of Contents for our Manual is attached to this Disclosure Document as Exhibit G. The Operations Manual currently has 189 pages.

Computer System and Technology Fee

You must use the computer hardware and software (collectively the “Computer System”) that we periodically designate to operate your franchise (Franchise Agreement – Sections 12.1(h)). You must obtain the Computer System, software licenses, maintenance and support services, and other related services from Approved Suppliers (See Item 7 for more information regarding the cost of the Computer System). We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for: (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

Your Computer System must have internet capability and be capable of supporting our required software. You will also be required to purchase certain software, and to pay monthly charges associated with your Computer System. Currently, you will need a computer that is capable of providing high level email, document, and video capability. We recommend that you purchase an Apple MacBook Pro although we

may approve other computers with similar capabilities. The Computer System is used to track and store all data relating to the operation of your franchise and the franchises in our system. We have the right to access all information stored on your Computer System which relate to your franchise. The specification regarding the required hardware and software for your Computer System is contained in the Operations Manual.

We estimate the cost of purchasing the Computer System and related software and associated equipment will be approximately \$1500. We recommend you purchase a laptop or desktop, printer, printer/scanner, iPad or tablet and a smart phone (iOS or Android) as well as any other computer supplies you may need. You must at all times have a high-speed internet connection for your computer system. The computer system, payment processing terminal and required software will provide you with the following functions: accounting, reporting, e-mail, internet access, client management, and payment processing. We also require that you have a designated business phone line. In addition, you will be required to pay a recurring monthly charge (“Technology Fee”) for the use of our proprietary management software (“Redline Software”). Currently the Technology Fee is \$350 per month, The Technology Fee provides you access, maintenance and support for required software, and other technology services that we determine, in our sole discretion, to provide to you. We may increase the Technology Fee upon written notice to you if we decide to deliver additional technology services to you or if the costs and expenses associated with delivering the included technology services to you increase. Any increase in the Technology Fee will be based upon an increase in our costs and expenses in delivering the included technology services to you. You will also be required to pay the monthly cost of maintaining high-speed Internet access at your site.

We will have independent access to the information that will be generated and stored on your Computer System. There are no limitations on when or how we may access such information.

Our specific requirements for computer systems, payment processing terminals, software and cloud-based services are included in the Manual. We currently utilize Shopify, a proprietary application, and email marketing services. Our Technology Fee includes payment of the subscription fees for those services. We reserve the right to designate the specific hardware and software components, and cloud-based services, you must purchase, license, or subscribe to, as well as the suppliers from whom you must purchase the computer system and/or its components.

We may, during the term of your Franchise Agreement, and any renewal thereof, require you to update and/or upgrade the Computer System. Some of these upgrades are included in the Technology Fee but there may be additional expenses incurred to update or upgrade your Computer System. We estimate that the cost of these upgrades (not including the Technology Fee) will not exceed \$1,400 per year. There are no contractual limitations on our right to request that you obtain these updates and/or upgrades, nor are there any limitations on the cost of these updates and/or upgrades. You are wholly responsible for all hardware and computer network maintenance and maintenance and upgrades of other software, all of which must be done in a timely manner. Outside of the services provided in exchange for the Technology Fee, we have no obligation to provide ongoing, maintenance, repairs, upgrades, or updates to the Computer System. The cost for such periodic computer maintenance and upgrades will depend on the type of systems and software you purchase as well as any maintenance contracts you choose to enter into. We reserve the right to specify different hardware and software systems in the future, including proprietary software that we develop exclusively for the Franchised Business. Except for annual maintenance to the Computer System and Mailchimp software, we are not responsible for any maintenance or upgrades to your computer hardware, network connectivity, or software.

We require independent access to the information and data that you enter into any software or computer system that we implement in the future. At this time, we have no other independent access to the information and data that you store or collect electronically but reserve the right of access in the future.

ITEM 12: TERRITORY

Protected Territory

Under the Franchise Agreement Franchisor grants to franchisee a non-exclusive right to operate a Franchised Business within a geographic area identified in the Franchise Agreement (the "Protected Territory"), and a non-exclusive license to use the Franchise System and Marks solely and exclusively in the operation of such Franchised Business within the Protected Territory, which is specified Schedule "A" to the Franchise Agreement. Preservation of the Protected Territory depends upon the Franchise Agreement remaining in force and Franchisee's compliance with all terms and conditions of the Franchise Agreement.

There are no minimum or maximum territorial rights granted in connection with a franchise agreement. The size of your Protected Territory will be negotiated between you and us prior to the execution of a franchise agreement. Generally, the Protected Territory will be determined based upon the following factors: geographic area, population, number of youth hockey players, and other business related criteria that you and we agree are relevant to the establishment of the Protected Territory.

Notwithstanding the foregoing, Franchisor expressly reserves the following rights:

- (a) the right to establish or operate or grant a Franchised Business outside the Protected Territory.
- (b) the right to develop and license the use of, including within the Protected Territory, proprietary marks, other than the Marks, in connection with the operation of a program or system which offers or distributes Products or services which are the same as or similar to those offered under the Franchise System on any terms and conditions which Franchisor deems advisable.
- (c) the right to distribute any and all Products, including Products under or bearing the Marks sold by Franchisee, through any distribution channels, including but not limited to the Internet, outside of the Protected Territory or within the Protected Territory provided the distribution channel within the Protected Territory does not operate as a Franchised Business.
- (d) the right to train or service high end prospects, pros or NHL hockey players in the Protected Territory who would like to pay extra fees to train with Shawn Allard or one of Franchisor's training specialists.

We will not pay you any compensation for soliciting or accepting orders from high end products, pros, or NHL hockey players in the Protected Territory.(See Section 3.4 of the Franchise Agreement)

Territory Policy

There are no restrictions on you soliciting or accepting students from outside of your Protected Territory. Other Perfect Skating units may provide goods and services to customers residing within your Protected Territory. You are permitted to use other channels of distribution including the Internet or other direct marketing to make sales outside the Protected Territory only in a manner and form designated in writing in advance by us. Any content or posting not approved by us and requested to be removed shall be immediately removed by you.

The territories of two franchisees may adjoin one another, but Franchisor will not grant overlapping territories.

Except as described herein, we have no policy on the proximity between an existing Franchised Business and: (a) another franchise of ours or our affiliate of the same type as the existing franchise; (b) a franchisor outlet or corporate store; (c) a franchise or other business owned or operated by us, our associate, our parent, or our affiliate that distributes similar products or services under a different trademark, trade name or logo or that distributes different products or services under a similar trademark; (d) a franchise granted by us that distributes similar products or services under a different trademark, trade name or logo; and/or (e) any distributor or licensee using our trademark, trade name, logo or advertising or other commercial symbol.

In addition, you must meet a minimum sales requirement to maintain your rights to your Protected Territory (i.e., the Performance Criteria, as defined in the Franchise Agreement), which will be set out in Schedule A to your Franchise Agreement. If you do not meet the Performance Criteria at any time, we have the right to reduce or eliminate your Protected Territory. Except as described above, the continuation of your rights within the Protected Territory under the Franchise Agreement is not subject to any condition that the business achieves a certain level of market penetration or any other condition.

We do not grant you a right of first refusal or other rights to acquire additional franchises in or outside the Protected Territory.

You may not relocate your Perfect Skating business without our prior written consent. Our consent may be conditioned upon, among other things: (i) the new location for the Perfect Skating business being in your Protected Territory; (ii) other Perfect Skating businesses in the general vicinity of the location to which you want to relocate your Perfect Skating businesses; (iii) whether the proposed location for relocation meets our then current standards for a new Perfect Skating business; and/or (iv) your payment of our reasonable charges actually incurred in connection with consideration of the relocation request; your payment of agreed minimum Royalty Fees during the period when the Perfect Skating business is not in operation; and your relocation of the Perfect Skating business within 6 months after we approve your relocation request.

We do not currently intend to operate or franchise businesses to sell goods or services that are the same or similar to those that you will sell although we reserve the right to do so in the future. We reserve all rights to use and license the System other than those we expressly grant you under the Franchise Agreement.

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

ITEM 13: TRADEMARKS

We will grant you the right to operate a Franchise under the trade name “Perfect Skating” and the corresponding trademarks displayed in the table below. The Marks are owned by our affiliate, Perfect Skating Inc. If, in the future, we develop other Marks for use in the franchise system, we will notify you, and you must implement those Marks in the operation of your Franchised Business at your own cost. You must use or display the Marks on all signs, forms, quotes, invoices, receipts, business cards, advertising, and any other materials we prescribe.

The following principal trademarks have been registered with the United States Patent and Trademark Office ("USPTO"):

Mark	Serial No.	Register	Goods and Services
 PERFECT SKATING	7227526	Principal	Clothing, namely, shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps Hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs
PERFECT SKATING	7152294	Principal	Clothing, namely, shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps Hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs

The following trademarks have been applied for and are pending with the USPTO:

None.

We do not have a USPTO federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a USPTO federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

The following principal trademarks have been applied for and/or registered under the *Trademarks Act* (Canada) with the Registrar of Trademarks in Canada and the Canadian Intellectual Property Office (“**CIP**O”):

Trademark	Country Application/ Registration Information	Status	Goods/Services	Current Owner
	Canada Registration No.: TMA1041208 Registration Date: July 15, 2019	Registered	GOODS: clothing; shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps. SERVICES: hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs.	Perfect Skating Inc.
TURNING POWER T PERFECT	Canada Registration No.: TMA1021792 Registration Date: May 16, 2019	Registered	GOODS: clothing; shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps. SERVICES: hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs.	Perfect Skating Inc.

Trademark	Country Application/ Registration Information	Status	Goods/Services	Current Owner
	Canada Registration No.: TMA1041207 Registration Date: July 15, 2019	Registered	GOODS: clothing; shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps. SERVICES: hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs.	Perfect Skating Inc.
	Canada Registration No.: TMA1041227 Registration Date: July 15, 2019	Registered	GOODS: clothing; shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps. SERVICES: hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs.	Perfect Skating Inc.

There are no known or alleged material impediments to the use of the Marks. If our right to use any of our Marks, either those existing now or those we may introduce in the future, is challenged you may have to change to an alternative trademark, which may increase your expenses.

You must use the Marks in full compliance with rules that we reasonably prescribe. You may not use the Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs, or symbols (other than logos which we license to you). You may not use the Marks in association with marketing, offering, or selling any unauthorized goods or services. You may not use the Marks as part of your domain name or e-mail address, nor in any other manner unless explicitly authorized by us in writing. Any unauthorized use of the Marks will be an infringement of the Marks and a breach of the Franchise Agreement. You will be required to identify your Franchise in the manner we specify (for example, “Perfect Skating London”). You must not do anything, whether during the term of your franchise agreement or at any time following the termination or expiration of your franchise agreement, inconsistent with the validity of the Marks or inconsistent with Perfect Skating Inc.’s ownership of the Marks.

The Marks are owned by our affiliate Perfect Skating, Inc. On May 18, 2022, we entered into a license agreement with Perfect Skating, Inc. that authorized us to utilize the Marks to offer franchises in the United States. The license agreement is perpetual in length. Perfect Skating, Inc. may terminate the license agreement if we do not protect the trademarks from improper use and/or fail to comply with other obligations under the license agreement.

All goodwill generated as a result of your use of the Marks accrues exclusively to Perfect Skating Inc.’s benefit as the owner of the Marks. Perfect Skating Inc. has granted us an exclusive license to use and sub-license the use of the Marks. There are no presently effective determinations of the Canadian Intellectual Property Office or any court, no pending infringement, opposition, or cancellation proceeding, and no pending material litigation involving the Marks. There are no agreements currently in effect which significantly limit our rights to use (or license to others to use) the Marks.

The Marks must be at all times under the control of Perfect Skating Inc. You must co-operate with Perfect Skating Inc. in facilitating the exercise of its control over the Marks. You must notify us immediately of any challenge to your use of the Marks, or of any claim by anyone to our rights in the Marks. We have the right to determine whether any action will be taken under the circumstances and to determine the manner in which any resulting litigation or other proceeding will be controlled. You must sign such documents, provide such assistance, and do such other things as we may consider necessary or advisable to further any such proceeding or to otherwise protect and maintain the Marks. If anyone challenges your right to use any of the Marks, we may require you to stop using the challenged Marks and to use instead one or more substitute Marks specified by us, at your expense. We will not indemnify you or otherwise compensate you if anyone makes a claim against you for your use of the Marks.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Except as disclosed below, we do not own rights in, or licenses to, patents or copyrights that are material to the System.

We have no patents pending.

We claim a common law copyright in our confidential Franchise Manual, advertising material, specifications, training handbooks, and a variety of forms and programs. The information contained in these items is proprietary and they may be used only with our permission, and at our direction. You must operate the Franchised Business in accordance with the Manual. The Manual may be provided to you by physical, written copy. You must treat the Franchise Manual, any other manuals created for or approved for use in the operation of Perfect Skating Franchised Businesses, and the information contained in them, as confidential, and must use reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise

make them available to any unauthorized person. We may periodically revise the contents of the Manual, and you must comply with each new or changed standard. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us at our home office shall be controlling.

You must notify us immediately if you learn about an infringement on our or your use of any item that may be copyrighted by us. However, we are not obligated by the Franchise Agreement, nor otherwise, to protect any rights that may be granted to you or to protect you against claims of infringement or unfair competition with respect to them.

In the event that litigation involving any items that may be copyrighted is instituted or threatened against you, you must promptly notify us. We will conduct the defense and bear the expense of such litigation and will be entitled to settle or otherwise dispose of the litigation on terms which, in our sole discretion, we may decide. You must cooperate fully with us in defending or settling such litigation.

If we decide to add, modify, or discontinue the use of a proprietary item, whether or not we claim a copyright in such item, you must also do so, and we will have no obligation or liability to you as a result of any addition, modification or discontinuance of the use of a proprietary item.

Confidential Information

You must not, during the term of the Franchise Agreement, or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation, any confidential information, knowledge, or know how concerning the methods of operation of Perfect Skating businesses which may be communicated to you, including techniques, formulas, processes, procedures, designs, financial information and information contained in the Franchise Manual, or of which you may be apprised by virtue of your Franchise under the terms of such Agreements (including information, knowledge or know how concerning any recipes or formulas). You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Businesses, and you must take such precautions as we deem necessary to ensure that your employees keep such information in confidence. Any and all information, knowledge, know how, and techniques which we designate as confidential will be deemed confidential, except information which you can demonstrate came to your attention before our disclosure of it, or which, at the time of our disclosure to you, had become a part of the public domain, through publication or communication by others, or which, after our disclosure to you, becomes a part of the public domain, through publication or communication by others.

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

The Principal is responsible for the day-to-day operations of a franchise or licensed business and is expected to provide the primary “hands on” management. The Principal is responsible for the complete compliance with, and full performance of, the Franchise Agreement. (See Section 12.7 of the Franchise Agreement)

Each individual who owns an interest in your corporation or limited liability company (each a “Principal” and collectively the “Principals”) must sign a guaranty agreeing to be bound by all the terms and conditions of the Franchise Agreement including any amendments and to unconditionally guarantee the payment of all liabilities incurred by Franchisee, at any time. We do not currently require your spouse to guarantee the payment of liabilities of Franchisee unless your spouse is also a Principal.

Your General Manager and other employees may be required to enter into an agreement not to reveal confidential information obtained in the course of their employment with you. Our form of Confidentiality Agreement is attached as Exhibit E.

Franchisee, its Principal and/or the proposed General Manager of the Franchised Business must be capable of delivering the Perfect Skating Methodology to Franchisee's students and operating a Perfect Skating business in a manner consistent with the manual and other materials that we provide. This means that your General Manager, if you hire one, must have adequate skating and coaching experience and skills.

ITEM 16: RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

Franchisee agrees to use only those products associated with the Franchise System as Franchisor may designate from time to time and to acquire same from only those suppliers designated by Franchisor. Franchisee shall not substitute any other products to these specific products without prior written approval from Franchisor which may be refused at its entire discretion. (See Section 9.5 of the Franchise Agreement).

If you sell unapproved goods or services or fail to report them, Franchisor may terminate the Franchise Agreement.

You must offer all goods and services that Franchisor designates as required for all franchises. In addition, Franchisor may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before Franchisor will allow you to offer certain services.

We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational goods and services; however, such goods and services will be reasonably related to our franchise system or model.

Franchisee agrees to participate in all promotional campaigns instituted by Franchisor and to honour all coupons and other such devices distributed by Franchisor. (See Section 12.5 of the Franchise Agreement)

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

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

Provision	Section in Franchise Agreement or other agreement	Summary
a. Length of the franchise term	4.1	The term of the Franchise Agreement is ten (10) years.
b. Renewal or extension of the term	4.2	Provided that Franchisee and Principal have not been in default of any of the terms and conditions of this Agreement, or any other agreements between Franchisee, on the one hand, and Franchisor or its Affiliates, on the other hand, and further provided that

		Franchisee strictly complies with the conditions set forth in Section 4.3, Franchisee shall have the right to renew this Agreement for one further term of five (5) years upon the then standard terms and conditions of franchises being offered by Franchisor, save and except for any further right of renewal.
c. Requirements for franchisee to renew or extend	4.3	To renew the Franchise Agreement Franchisee must: (a) have notified Franchisor of its election to renew not less than six (6) months and not more than nine (9) months prior to end of Initial Term; (b) completion of all maintenance and upgrade of equipment as Franchisor shall reasonably require so that the unit shall reflect the then current image for new Franchised Businesses in the Franchise System; (c) Franchisee is not be in default of any provision of the Franchise Agreement and shall have substantially complied with all of the terms and conditions of such agreements throughout the Initial Term of the Franchise Agreement; (d) have satisfied all monetary obligations owed by it to Franchisor and its Affiliates; (e) execute at the time of renewal Franchisor's then current form of Franchise Agreement, which, when executed, shall supersede in all respects the Franchise Agreement but without affecting or releasing the obligations of Franchisee or the Principal to Franchisor or its Affiliates thereunder. The new Franchise Agreement may include materially different terms than those included in the original Franchise Agreement. (f) reimburse Franchisor for all reasonable costs and expenses incurred by it in connection with the renewal of the Franchise; (g) Franchisee shall have executed a release running in favour of Franchisor, its affiliates and franchisees, and our respective officers, directors, shareholders and employees of any and all claims, except in respect of those claims and causes of action which cannot be released at law; (h) have at his own cost satisfied Franchisor's training requirements for new Franchisees as of the date of renewal; (i) Franchisee shall have paid a renewal fee to Franchisor.
d. Termination by franchisee	Not applicable	Not applicable except to the extent permitted by applicable law
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	14.1	Franchisor shall have the right to terminate the Franchise Agreement for cause.

g. "Cause" defined – curable defaults	14.1	(a) if default is made in the due and punctual payment of any amount payable under the Franchise Agreement; (b) if Franchisee breaches any other term or condition of the Franchise Agreement and such breach shall continue for a period of five (5) days after written notice provided; (c) if Franchisee fails to observe or perform any of the rules set forth in the Manual and any such failure to observe or perform same shall continue for a period of five (5) days after written notice provided;
h. "Cause" defined – non-curable defaults	14.1	(a) if Franchisee operates the Franchised Business in a dishonest, illegal, unsafe, unsanitary or unethical manner; (b) if Franchisee ceases or threatens to cease to carry on the Franchised Business; (c) if Franchisee or Principal make or purport to make a general assignment for the benefit of creditors; (d) if Franchisee or Principal make or purport to make a bulk sale of assets without the consent of Franchisor; (e) if Franchisee or Principal institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy; (f) if a custodian, receiver, manager, or other person with like powers is appointed to take charge of all or any part of the business; (g) if any lessor, encumbrancer, or any other person lawfully entitled shall take possession of any of the undertaking, business, property or assets of Franchisee or Principal; (h) if Franchisee or Principal commit or suffer any default under any contract of conditional sale, mortgage, or other security instrument; (i) if any Franchisee or Principal attempt to liquidate or dissolve Franchisee, (j) if a lien against any of the business, property or assets of Franchisee or Principal is not discharged, varied or stayed to the satisfaction of Franchisor within ten (10) days after entry thereof; (k) if a final judgment for the payment of money in any amount shall be rendered by any Court of competent jurisdiction against Franchisee or Principal; (l) if Franchisee or any representative falsifies any report required to be furnished to Franchisor; (m) if Franchisee, or any partner, shareholder, director or officer is convicted of any indictable criminal offence, or any crime involving moral turpitude, or shall be found liable for or guilty of fraud,

		fraudulent conversion, embezzlement, or any comparable action; (n) if Franchisee is convicted of misleading advertising or any other sales-related statutory offence pertaining to the Franchised Business; (o) if Franchisee has its business licence or any other licence, permit or registration pertaining to the Franchised Business suspended for just cause or cancelled and not reinstated or re-issued within ten (10) business days; (p) if Franchisee or Principal dies or otherwise becomes permanently disabled; or (q) if any agreement between Franchisor and Franchisee, the Principal, or any person not dealing at arm's length with Franchisee is terminated.
i. Franchisee's obligations on termination/non-renewal	8.4, Article 15	Upon termination or expiration of the Franchise Agreement, for any reason whatsoever, Franchisee shall: (a) pay all amounts owed to Franchisor, its affiliates and Franchisee's trade and other creditors which are then unpaid. (b) immediately cease any and all use of the Marks and discontinue the provision of all Services in association with the Marks. (c) remove all signs, labels, and other indicia of right to use the Marks. (d) not do anything inconsistent with the validity of the Marks or inconsistent with Franchisor's ownership of the Marks. (e) destroy or deliver up to Franchisor all printed materials and non-printed materials bearing the Marks.
j. Assignment of contract by franchisor	16.1	No restriction of Franchisor's right to assign so long as Assignee agrees in writing to assume all obligations undertaken by Franchisor and Principal herein.
k. "Transfer" by franchisee-defined	16.2	A transfer by Franchisee includes any type of transfer of the Franchise Agreement or assets or any ownership change.
l. Franchisor approval of transfer by franchisee	16.2	If Franchisee is an individual, Franchisee may assign and transfer this Agreement to a corporation without requiring the prior written consent of Franchisor, provided that such transfer does not affect the control the voting and equity interests in such corporation
m. Conditions for franchisor approval of transfer	16.2	Conditions for Franchisor's approval of transfer: (a) there shall be no existing default in the performance or observation of any of Franchisee's obligations under this Agreement or any other agreement with Franchisor or any Affiliate or supplier thereof;

		(b) Franchisee shall have settled all outstanding accounts with Franchisor, its Affiliates, and all creditors of the Franchised Business; (c) Franchisor and Franchisee shall have executed a release, in a form acceptable to both parties; (d) the proposed transferee shall agree to discharge all of Franchisee's obligations under this Agreement or, at the option of Franchisor, execute a new franchise agreement such other documents and other agreements as are then customarily used by Franchisor in the granting of franchises; (e) if required by Franchisor, the proposed transferee shall have satisfactorily completed Franchisor's training program then in effect; (f) payment of a transfer fee; (d) compliance with the requirement of all applicable bulk sales legislation; (e) assignment of all rights to all telephone numbers, directory listings, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags associated with Franchisor and the Marks and the Franchised Business; (f) delivery to the assignee the Manual, all custom computer software disks, and all other materials of a confidential or proprietary nature relating to Franchise System or bearing the Marks;
n. Franchisor's right of first refusal to acquire franchisee's business	16.8	If, at any time or times during the term of the Franchise Agreement, Franchisee obtains a bona fide offer (the "Offer") to acquire the whole or any part of his interest in the Franchised Business which Franchisee wishes to accept, Franchisee shall promptly give notice to Franchisor together with a true copy of the Offer. Upon receipt of such offer and notice, Franchisor shall have the option of matching the Offer.
o. Franchisor's option to purchase franchisee's business	16.8	On termination, Franchisor shall have the right (but not the obligation) to purchase all or any portion of the Goods and Services and all or any part of the equipment, furniture or other assets used in the Franchised Business.
p. Death or disability of franchisee	16.6	The Principal's estate shall have the right to transfer the Franchise Agreement within ninety (90) days
q. Non-competition covenants during the term of the franchise	19.2	During the Term of the Franchise Agreement Franchisee and the Principal shall not: (a) attempt to obtain any unfair advantage over any other Franchisee, Franchisor or any Affiliate thereof by soliciting for employment any person who is, at the time of such solicitation, employed by such other franchise, Franchisor or such Affiliate, nor shall

		they directly or indirectly induce any such person to leave his employment as aforesaid; or (b) divert or attempt to divert any business of, or any clients of the Franchised Business to any other competitive establishment, by direct or indirect inducement or otherwise.
r. Non-competition covenants after the franchise is terminated or expires	19.3	For a period of two (2) years thereafter Franchisee and the Principal shall not: (a) attempt to obtain any unfair advantage over any other Franchisee, Franchisor or any Affiliate thereof by soliciting for employment any person who is, at the time of such solicitation, employed by such other franchise, Franchisor or such Affiliate, nor shall they directly or indirectly induce any such person to leave his employment as aforesaid; or (b) divert or attempt to divert any business of, or any clients of the Franchised Business to any other competitive establishment, by direct or indirect inducement or otherwise.
s. Modification of the agreement	20.2	Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby.
t. Integration/ merger clause	1.7	Any representations or promises outside of the Franchise disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	1.6	Except for claims arising from Franchisee's nonpayment or underpayment, claims arising under Section 20.6, or claims related to Franchisee's unauthorized use of the Marks, all disputes are subject to mandatory mediation before a claim or demand for arbitration may be made. All claims are subject to mandatory binding arbitration.
v. Choice of forum	1.6(c)	Subject to applicable state law, Ontario, Canada
w. Choice of law	1.5	Subject to applicable state law, the Franchise Agreement will be interpreted, governed, and enforced solely in accordance with the laws of the state in which the Franchised Business is operated

ITEM 18:PUBLIC FIGURES

No public figures promote, manage, or have invested in Franchisor.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS, EARNING CLAIMS AND OPERATING COSTS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kyle Nishizaki 613.470.0707, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20:
OUTLETS AND FRANCHISE INFORMATION***

**Table No. 1
Systemwide Outlet* Summary
for Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2022	7	18	+11
	2023	18	21	+3
	2024	21	22	+1
Company-Owned	2022	5	5	0
	2023	5	5	0
	2024	5	5	0
Total Outlets	2022	12	23	+11
	2023	23	26	+3
	2024	26	27	+1

***This table includes franchised and company owned outlets that are open and operating in Canada. Contact information for Canadian franchisees is included in Exhibit C.**

**Table No. 2
Transfers of Outlets From Centers to New Owners
(Other than the Franchisor)
For Years 2022 to 2024**

State(s)	Year	Number of Transfers
Canada	2022	0
	2023	0
	2024	0
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets*
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alberta, Canada	2022	0	8	0	0	0	0	8
	2023	8	1	0	0	0	0	9
	2024	9	0	0	0	0	0	9
British Columbia, Canada	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
Ontario, Canada	2022	4	2	0	0	0	0	6
	2023	6	3	0	0	0	0	9
	2024	9	1	0	0	0	0	10
Quebec, Canada	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Colorado, USA	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	7	11	0	0	0	0	18
	2023	18	4	1	0	0	0	21
	2024	21	1	0	0	0	0	22

***This table includes franchised and company owned outlets that are open and operating in Canada. Contact information for Canadian franchisees are included in Exhibit C.**

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Alberta, Canada	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Ontario, Canada	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5
Quebec, Canada	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Alberta, Canada	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2024	0	0	0	0	0	0
United States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5

***This table includes franchised and company owned outlets that are open and operating in Canada. Contact information for Canadian franchisees are included in Exhibit C.**

**Table No. 5
Projected Openings for 2024**

Jurisdiction	Franchise Agreement Signed But Outlets Unopened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Toronto, Canada	0	1	0
Vancouver, Canada	0	1	0
Winnipeg, Canada	0	1	0
Michigan	0	1	0
New York	0	1	0
TOTAL	0	5	0

Exhibit C lists the names of all of our operating Franchisees and their addresses and telephone numbers as of August 31, 2024. Exhibit C lists the Franchisees who have signed franchise agreements for which were not yet operational as of August 31, 2024, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every Franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the Issuance Date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave System.

There are no trademark-specific franchisee organizations associated with the franchise system being offered that have requested to be included in this Disclosure Document.

No franchisees have signed confidentiality agreements restricting their ability to speak about their experience with Franchisor.

If you buy this franchise, your contact information will be disclosed in accordance with the disclosure requirements under the Acts.

**ITEM 21:
FINANCIAL STATEMENTS**

We have not been in business long enough to provide the financial statements generally required by this Item. Attached to this Disclosure Document as Exhibit D are audited financial statements for the period ending August 31, 2024 and unaudited financial statements for the period beginning on September 1, 2024 and ending March 2025. Our fiscal year ends on August 31 of each year.

**ITEM 22:
CONTRACTS**

The only agreements to which Franchisee and the Principal will be a party are:

- the Franchise Agreement, and documents contemplated therein and attached thereto including:
- Personal Guarantee
- Pre-Authorized Debit (PAD) Agreement
- Confidentiality Agreement.

**ITEM 23:
RECEIPTS**

Exhibit J to this Disclosure Document are detachable receipts. Please retain one copy and return the other copy to us.

Andrea Allard
Perfect Skating Franchising, U.S. Inc.
1565 Maple Grove Road
Kanata, ON K2V 1A3, Canada
Telephone Number 613-470-0707

EXHIBIT A
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about Perfect Skating Franchising U.S. Inc.

Federal Franchise Regulators:

Federal Trade Commission
Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, DC 20580
202-326-2970

List of State Administrators

CALIFORNIA:

Department of Financial Protection and
Innovation
1-866-275-2677
Los Angeles
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento

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

San Diego

1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

HAWAII:

Commissioner of Securities
Department of Commerce and
Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS:

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA:

Securities Commissioner
Securities Division, Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND:

Office of the Attorney General, Division
of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

MICHIGAN:

Kathryn Barron
Franchise Administrator Antitrust
and Franchise Unit
Consumer Protection Division
Department of Attorney General
670 Law Building
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA:

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

NEW YORK:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl
New York, NY 10005
212-416-8222

NORTH DAKOTA:

North Dakota Securities Department
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

OREGON:

Div. of Finance & Corp. Securities
(608) 266-8557
Department of Consumer & Business
Services, Room 410, 350 Winter Street,
NE
Salem, OR 97301-3881

(503) 378-4140

RHODE ISLAND:

Department of Business Regulation
Securities Division
Bldg. 69, First Floor
John O. Pasture Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9585

SOUTH DAKOTA:

Franchise Administrator
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA:

State Corporation Commission
Division of Securities &
Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

WASHINGTON:

Securities Division
Department of Financial Institutions
P.O. Box 41200
Olympia, WA 98504-1200
(360) 902-8760

WISCONSIN:

Division of Securities
Bureau of Regulation & Enforcement
Department of Financial Institutions, 4th
Floor
345 W. Washington Avenue
Madison, WI 53703

List of Agents for Service of Process

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834

DELAWARE

Corporation Service Company
251 Little Falls Drive
Wilmington, Delaware 19808

HAWAII

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA

Securities Commissioner
Indiana Secretary of State
201 State House
Indianapolis, IN 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
410.576.6360

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

MINNESOTA

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

NEW YORK

New York Secretary of State
99 Washington Avenue
Albany, NY 12231-0001

NORTH DAKOTA

Securities Commissioner of North Dakota
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505

RHODE ISLAND

Director of Department of Business Regulation
Securities Division
John O. Pastore Center, Bldg. 69, 1st Floor
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9585

SOUTH DAKOTA

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

VIRGINIA

Clerk, Virginia State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371.9733

WASHINGTON

Director, Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501

WISCONSIN

Wisconsin Commissioner of Securities
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 53703

EXHIBIT B
FRANCHISE AGREEMENT AND DOCUMENTS



PERFECT SKATING™

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FRANCHISE AGREEMENT

This Agreement is made as of [●] (the “**Effective Date**”) among **PERFECT SKATING FRANCHISING US INC.**, a corporation incorporated under the laws of the State of Ontario (herein called the “**Franchisor**”) and _____ [●] (herein called the “**Franchisee**”), individually and on behalf of his marital community.

RECITALS

WHEREAS Franchisor and affiliates of the Franchisor have developed the Franchise System (as defined hereunder) for the operation of units specializing in the development of hockey players and identified to the public under the trademarks licensed to the Franchisor;

AND WHEREAS Franchise System is operated with a uniform business format, methods, specifications, standards, and procedures all of which may be improved, further developed, or otherwise modified from time to time by Franchisor;

AND WHEREAS the Franchisor has been licensed to use and sublicenses the trade names and trademarks used in conjunction with the Franchise System;

AND WHEREAS Franchisor grants franchises to qualified persons to offer and sell Goods and Services (as defined hereunder) utilizing Franchise System;

AND WHEREAS the Franchisee understands that the Franchise System is based upon elite sports performance development programs and acknowledges the importance of Franchisor’s high, uniform standards of quality and service and the necessity of operating the Franchised Business in conformity with Franchisor’s standards and specifications.

NOW THEREFORE in consideration of the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree with each other as follows:

AGREEMENT

ARTICLE 1 DEFINITIONS

1.2 Definitions

Where used herein or in any schedule or amendments hereto the following terms shall have the following meanings respectively:

- (a) “**Advertising Programs**” is defined in Section 5.5.
- (b) “**Affiliate**” has the meaning given to that term by the *Canada Business Corporations Act*;
- (c) “**Effective Date**” is defined in the Preamble hereto.
- (d) “**Franchisee**” is defined in the Preamble of the parties hereto.
- (e) “**Franchised Business**” means the operation of a hockey development business by the Franchisee using the Franchise System pursuant to the provisions of this Agreement and specializing in the development of all aspects of a hockey player’s performance (including

without limitation to skills and skating) in a uniform business format as identified to the public under the Marks.

- (f) **“Franchise System”** means the plan, design, method and system at present formulated, created and developed or which may hereafter be formulated, created or developed by Franchisor for the operation of the Franchised Business to be utilized for the marketing and sale of Goods and Services using the specially created and developed business format, method, specifications, standards, operating procedures, trademarks, unregistered or registered, domain names, registered and unregistered, and URLs, and includes but is not limited to the following distinguishing characteristics:
 - (i) unique techniques relating to hockey programs including without limitation to the Perfect Skating Methodology;
 - (ii) the structure, design, style, color, and other distinguishing characteristics of the equipment, Goods and supplies used in the Franchised Business.
- (g) **“Franchisor”** is defined in the Preamble of the parties hereto.
- (h) **“Goods”** means jerseys, socks, t-shirts, sweatshirts, hats, fall jackets, tracksuits, winter jackets, tuques and other products designated for sale from time to time by the Franchisor, in connection with the operation of the Franchised Business and includes all products prepared by Franchisee using the methods or commercial secrets belonging to the Franchisor.
- (i) **“Goods and Services”** means all authorized goods and services, including hockey-related services, goods, wares, techniques, merchandise, supplies, products, instruction, accessories and items manufactured, developed or designed by or for Franchisor identified by any of the Marks or specified as products or services to be offered in the Franchised Business by Franchisor that are sold, dispensed, handled or otherwise dealt in and performed by the Franchisee.
- (j) **“Gross Revenue”** means the total amount of all sales of products and services made from business conducted by the Franchisee and all licensees, concessionaires, subtenants, or other persons conducting business for the benefit of the Franchised Business wherever such services are performed and whether or not such sales or other receipts and revenues are evidenced by cash, credit, check, charge account, debit, exchange or otherwise.

Without limiting the generality of the foregoing, Gross Revenue includes:

- (i) the actual sale price of all Goods and Services sold;
- (ii) sales of Goods and Services pursuant to mail, telephone, fax, e-mail, web or other similarly placed orders; and
- (iii) all sales assumed to have been lost by the Franchisee by the interruption of their business and being the basis upon which an insurer has paid business interruption insurance.

In calculating Gross Revenue all deposits given on Goods and Services and not refunded shall be included in calculating Gross Revenue.

The following shall not be included in calculating Gross Revenue:

- (iv) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and goods and services tax and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by or accounted for by the Franchisee to the appropriate governmental authority;
- (v) the value of coupons issued by Franchisor and honoured by the Franchisee.
- (k) **“Initial Term”** is defined in Section 4.1.
- (l) **“Manual”** means, collectively, all books, pamphlets, memoranda, or other publications prepared by Franchisor for use by and distributed to its franchisees generally or for the Franchisee in particular, setting forth information, advice, instructions, or policies relating to the operation of the Franchised Business.
- (m) **“Marks”** shall mean those trademarks attached as Schedule “B” hereto, as well as any trademarks, registered or unregistered, trade names, designs, symbols and logos Franchisor may from time to time own, or be licensed to use, and designate for use in Franchise System.
- (n) **“Offer”** is defined in Section 16.8.
- (o) **“Perfect Skating Unit”** means any Perfect Skating location identified to the public under the trademarks licensed to the Franchisor.
- (p) **“Performance Criteria”** means the minimum annual sales target described at Schedule “A” hereto.
- (q) **“permanent incapacity or disability”** is defined in Section 16.6.
- (r) **“Principal”** has the meaning set forth in Article 12.
- (s) **“Protected Territory”** means the area described at Schedule “A” hereto.
- (t) **“TM Owner”** is defined at Section 8.8.
- (u) **“transfer”** is defined at Section 16.2.

1.3 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

1.4 Number and Gender

The use of the singular number shall include the plural and vice versa, the use of any gender shall include the masculine, feminine and neutral genders and the word **“person”** shall include an individual, a partnership, a trust, a body corporate, an association and any other incorporated or unincorporated organization or entity.

1.5 Applicable Law

This Agreement will be interpreted, governed, and enforced solely in accordance with the laws of the state in which the Franchised Business is operated. Nothing in this Section is intended by the parties to subject this Agreement to any franchise or similar statute or regulation to which it would not otherwise be subject. The Franchisee and the Franchisor acknowledge and agree that each party's agreement regarding applicable state law set forth in this Section provides each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. The Franchisee and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected by this Agreement. Subject to the dispute resolution provisions of this Agreement, any action brought by either party against the other will be commenced and continued before a court of competent jurisdiction in the state in which the Franchised Business is operated.

1.6 Dispute Resolution

- (a) Statement of Dispute. Prior to initiating arbitration or mediation 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 out of or relating to this Agreement, the parties' relationship, or your Franchised Business, that the notifying party wishes to resolve. 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 or claim 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.
- (b) Mandatory Mediation. Except for claims arising from the Franchisee's nonpayment or underpayment of amounts owed to the Franchisor pursuant to this Agreement, claims arising under Section 16.8 or 20.6, or claims related to the Franchisee's unauthorized use of the Marks (collectively, "**Excluded Disputes**"), any dispute, controversy or claim arising under, out of or relating to this Agreement (or any subsequent amendment thereto) including, without limitation, its formation, validity, binding effect, application, interpretation, implementation, performance, breach or termination, as well as non-contractual claims (collectively, a "**Dispute**"), shall be submitted to non-binding mediation in the event the parties are unable to resolve their Dispute within 30 days after delivery of the Statement of Dispute. Prior to initiating any arbitration or legal action to resolve the Dispute, the parties agree to participate in non-binding mediation before a mutually agreeable mediator. Such mediation shall be held at the Franchisor's offices, or any other site designated by the Franchisor, within a reasonable time after expiration of the 30-day period following delivery of a Statement of Dispute. At least one principal of each party, with authority to settle the dispute, shall attend the mediation meeting. The parties to the dispute shall share equally the cost of the mediator. Except as otherwise required by this Agreement, the mediation shall be conducted consistent with the requirements of the *Commercial Mediation Act, 2010* (Ontario). Any party to the Dispute may serve notice on the others of its initiation of the mediation process. The Parties agree to attempt to resolve their dispute at mediation. 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.

- (c) **Mandatory Arbitration.** Subject to the mediation provisions set out above, all Disputes, claims and controversies between us arising under or in connection with this Agreement (with the exception of those relating to the Marks) or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration with a single arbitrator in Ottawa, Ontario, unless the laws of the state in which the Franchised Business will be operated requires that the venue for dispute resolution be within that state, in which case arbitration shall be conducted in accordance with that state's arbitration legislation. The arbitrator will have a minimum of five (5) years' experience in franchising or distribution law, and arbitration, and will have the right to award specific performance of this Agreement. The arbitrator shall be appointed by agreement between the parties or, if the parties are unable to agree on an arbitrator, the arbitrator shall be appointed by a Judge of the Ontario Superior Court of Justice sitting in Ottawa, Ontario upon the application of either party and a Judge of the Ontario Superior Court of Justice sitting in Ottawa shall be entitled to act as such arbitrator, if he or she is willing to do so. The procedure to be followed shall be as agreed by the parties or, if such agreement cannot be reached promptly, as determined by the arbitrator, the arbitration shall proceed in accordance with the provisions of the *Arbitration Act, 1991* (Ontario) as amended and any successor legislation thereto, unless the laws of the state in which the Franchised Business will be operated requires that the venue for dispute resolution be within that state, in which case arbitration shall be conducted in accordance with that state's arbitration legislation. The arbitrator shall have the power to proceed with the arbitration and to deliver his or her award notwithstanding the default by any party in respect of any procedural order made by the arbitrator. The decision of the arbitrator will be final and binding on all parties and no appeal shall lie therefrom. This Section will survive expiration or termination of this Agreement under any circumstances. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, the parties shall fully perform their respective obligations under this Agreement. Any costs arising out of arbitration proceedings hereunder shall be borne by those parties in the amounts determined by the arbitrator. Neither party nor the arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties. **THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY, EXCEPT WHERE WAIVER IS PROHIBITED BY LAW.**
- (d) **Collective Action Waiver.** You agree to arbitrate or litigate each dispute with us on an individual basis. You agree not to consolidate your dispute in any arbitration or litigation with a claim by any other franchisee, or other individual, or entity. You knowingly and voluntarily agree to waive its right to participate in any class action or mass action proceedings.

1.7 Entire Agreement

This Agreement constitutes the entire agreement among the parties 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 Franchisor has made no representations, inducements, warranties or promises whether direct, indirect, collateral, expressed, implied, oral, or otherwise concerning this Agreement, the matters herein, the business franchised hereunder, of the extent or likelihood of profit, if any, or any other matters that are not embodied herein. Nothing in this Section is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits.

1.8 Severability

If any covenant or any other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, such covenant or provision shall be severed. All other covenants and provisions 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.

1.9 Successors and Assigns

Subject to the restrictions on assignment herein contained, this Agreement shall ensure to the benefit of and be binding upon the Franchisee and Principal, the Franchisor and their respective successors, and assigns.

ARTICLE 2 SCHEDULES

2.1 Schedules

The following are the schedules annexed to this Agreement. All schedules are to be read as and shall form part of this Agreement.

Schedule "A"	Territory and Performance Criteria
Schedule "B"	Marks
Schedule "C"	Personal Guarantee
Schedule "D"	Principals and Ownership of Franchisee
Schedule "E"	Pre-Authorized Debit (PAD) Agreement

ARTICLE 3 GRANT OF FRANCHISE

3.1 Grant

Subject to the terms and conditions set forth in this Agreement, Franchisor hereby grants to the Franchisee and the Franchisee hereby accepts from Franchisor for the Initial Term and any renewals hereunder the right and sublicense:

- (a) to use Franchise System in the Protected Territory and in connection therewith, indicating to the public that the Franchised Business is operated as part of Franchise System; and
- (b) to use the Franchise System in connection with the provision of Goods and Services in the Protected Territory.

3.2 Conduct of Business

The Franchisee shall use the right and license solely and exclusively in connection with the business to be operated by it in the Protected Territory and Franchisee specifically acknowledges and agrees that it will not pursue in any manner any sales, including, without limitation, any sales by mail order, telephone, fax, e-mail or otherwise, other than in the Protected Territory without the prior written consent of Franchisor.

3.3 Protected Territory

Subject to Section 3.4 of this Agreement and so long as the Franchisee and Principal have not breached any of the terms and conditions of this Agreement and so long as the Franchisee and Principal have strictly complied with the Manual and have satisfied the Performance Criteria set forth in Schedule “A”, the Franchisor shall refrain from operating or granting to anyone else a franchise within the Protected Territory set forth at Schedule “A”. If the Franchisee breaches any of the terms and conditions of this Agreement or the Franchisee or Principal fail to strictly comply with the Manual or the satisfy the Performance Criteria, the Franchisor may, in its sole discretion, for the remainder of the term of this Agreement or any renewals thereof, reduce, amend, modify, or eliminate the Protected Territory. The Franchisee may provide Goods and Services to customers residing outside the Protected Territory. Other Perfect Skating Units may provide Goods and Services to customers residing within the Protected Territory.

3.4 Rights Retained

Notwithstanding any other provision in this Agreement, the Franchisor expressly reserves the following rights:

- (a) the right to establish, operate or grant a Perfect Skating franchise at any location outside the Protected Territory and on any terms and conditions the Franchisor deems appropriate;
- (b) the right to develop and license the use of, proprietary marks, other than the Marks, at any location including within the Protected Territory, in connection with the operation of a program or system which offers or distributes Goods or services which is similar to those offered under the Franchise System on any terms and conditions which the Franchisor deems advisable;
- (c) the right to distribute any and all Goods, including Goods sold by the Franchisee, through any distribution channels under or bearing the Marks outside of the Protected Territory or within the Protected Territory, provided the distribution channel within the Protected Territory does not operate as a Perfect Skating business;
- (d) the right to train or service high end prospects, pros or NHL hockey players in the Protected Territory who would like to pay extra fees to train with Shawn Allard or one of the Franchisor’s training specialists; and
- (e) to engage in any other business activities not expressly prohibited by this Agreement.

3.5 System Modification

The Franchisee and Principal acknowledge that variations and additions to Franchise System may be required from time to time in order to preserve and enhance the public image of Franchise System to accommodate changing consumer trends and to ensure the continuing efficiency and profitability of franchisees and Franchise System generally. The Franchisee and Principal therefore acknowledge and agree that Franchisor may from time to time hereafter, after reasonable notice (which shall in no event exceed three (3) months) add to, subtract from, modify or otherwise change Franchise System, including without limitation adoption and use of new or modified Marks, Goods and Services and techniques and the Franchisee agrees to promptly accept, implement, use and display in the conduct of the Franchised Business all such alterations, modifications and changes. The cost of any such alterations, modifications, and changes shall be borne exclusively by the Franchisee.

3.6 Relocation

You may not relocate your Perfect Skating business without our prior written consent. Our consent may be conditioned upon, among other things: (i) the new location for the Perfect Skating business being in your Protected Territory; (ii) other Perfect Skating businesses in the general vicinity of the location to which you want to relocate your Perfect Skating businesses; (iii) whether the proposed location for relocation meets our then current standards for a new Perfect Skating business; and/or (iv) your payment of our reasonable charges actually incurred in connection with consideration of the relocation request; your payment of agreed minimum Royalty Fees during the period when the Perfect Skating business is not in operation; and your relocation of the Perfect Skating business within 6 months after we approve your relocation request.

ARTICLE 4 TERM

4.1 Initial Term

The term of the right and license herein granted shall be ten (10) years (the “**Initial Term**”). The term shall begin on the Effective Date of this Agreement and shall expire ten (10) years thereafter.

4.2 Right to Renew

Provided that the Franchisee and Principal have not been in default of any of the terms and conditions of this Agreement, or any other agreements between the Franchisee, on the one hand, and the Franchisor or its Affiliates, on the other hand, and further provided that the Franchisee strictly complies with the conditions set forth in Section 4.3 hereof, Franchisee shall have the right to renew this Agreement for one further term of five (5) years upon the then standard terms and conditions of franchises being offered by Franchisor, save and except for any further right of renewal.

4.3 Conditions of Renewal

The following provisions shall be conditions precedent to the exercise of the Franchisee’s right of renewal, and such conditions are inserted herein for the benefit of Franchisor and may be waived by it in whole or in part in its discretion:

- (a) the Franchisee shall have given Franchisor written notice of its election to renew not less than six (6) months and not more than nine (9) months prior to the end of the Initial Term or first renewal term (as applicable);
- (b) the Franchisee shall complete, no later than thirty (30) days prior to the expiration of the Initial Term, at its own expense and to Franchisor’s satisfaction all maintenance and updating of the equipment as Franchisor shall reasonably require so that the equipment shall reflect the then current image for new franchisees in the Franchise System;
- (c) as at the date of giving its notice of renewal and as at the expiration of the Initial Term, the Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or any other agreement between the Franchisee and/or Principal and Franchisor or its Affiliates and shall have substantially complied with all of the terms and conditions of such agreements throughout the Initial Term;
- (d) the Franchisee shall have satisfied all monetary obligations owed by it to Franchisor and its Affiliates and the creditors of the Franchised Business as at the expiration of the Initial

Term and shall have throughout such Initial Term timely paid its monetary obligations to Franchisor, its Affiliates, and the creditors of the Franchised Business;

- (e) the Franchisee and Principal shall have executed at the time of the renewal 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 but without affecting or releasing the obligations of the Franchisee or the Principal to Franchisor or its Affiliates hereunder. Without limiting the generality of the foregoing, such new agreement may stipulate higher payments than are required hereunder and may contain terms which individually or collectively may be more onerous than those required hereunder;
- (f) the Franchisee shall reimburse Franchisor for all reasonable costs and expenses incurred by it in connection with any renewal of the franchise including without limitation all administrative and legal costs incurred in connection with preparation and review of documentation;
- (g) the Franchisee shall have executed a release running in favour of Franchisor, its affiliates and franchisees, and our respective officers, directors, shareholders, and employees of any and all claims, except in respect of those claims and causes of action which cannot be released at law;
- (h) the Franchisee shall have, at its own cost, satisfied Franchisor's training requirements for new franchisees as of the date of such renewal;
- (i) the Franchisee shall have paid a renewal fee to the Franchisor of the greater of: (i) Ten Thousand Dollars (\$10,000); or (ii) fifty percent (50%) of the Franchisor's then current initial franchise fee for the Protected Territory (or a comparable territory).

For the purposes hereof, the Franchisee shall be deemed to have irrevocably elected not to renew this Agreement (and the option to do so shall terminate) if the Franchisee fails to execute and return to the Franchisor its then-current franchise agreement and other ancillary documents required by the Franchisor for the renewal within thirty (30) days after the Franchisor has delivered them to the Franchisee.

ARTICLE 5

ROYALTY AND ADVERTISING PROGRAMS

5.1 Initial Franchise Fee

The initial franchise fee (the "Initial Franchised Fee") for a Perfect Skating Franchised Business will depend on the size of the geographic area (a "Protected Territory") awarded pursuant to a Franchise Agreement. The minimum Initial Franchise Fee is twenty thousand dollars (\$20,000). The following formula is used to calculate the Initial Franchise Fee:

- (1) Number of Hockey Players Registered with USA Hockey in the State in which the Territory is located; (2) divided by the total population of the state in which the Territory is located; (3) multiplied by 100; (4) multiplied by the total population of the Territory.

The Initial Franchise Fee is non-recurring, is deemed to be fully earned by Franchisor, and is not refundable under any circumstances. Initial Franchise Fees must be paid by wire transfer, cash, or certified funds when you sign Franchise Agreement.

5.2 Royalty

The Franchisee understands and acknowledges that it will be required to set up an account using the software and/or web-based application specified by the Franchisor and that all transactions related to the Franchised Business shall be processed through such system. In addition, the Franchisee shall execute and deliver any documents required by the Franchisor in order to permit the Franchisor to determine your Gross Revenues and calculate the fees owed to the Franchisor, and to monitor your Franchised Business' performance.

During the Initial Term, you shall pay to us, in partial consideration for the rights herein granted, a continuing monthly royalty fee ("**Royalty Fee**") equal to six percent (6%) of Gross Revenues. Royalty Fees are non-refundable under any circumstances.

5.3 Payment of Monthly Royalty Fee

The Franchisee shall commence payment of the Royalty Fee pursuant to Section 5.2 on the 15th day of the first month following the opening of the Franchised Business and shall continue to make such payments on or before the 15th day of each month of the Initial Term and renewal term thereafter. The Franchisee covenants and agrees to co-operate fully and comply with any system implemented by Franchisor for the transfer any fees or funds due or payable under this Agreement directly from its bank account to Franchisor's bank account, including the execution of any pre-authorized payment forms required by Franchisor's bankers, including without limitation the pre-authorized debit agreement set forth in SCHEDULE "E" . You agree to make the funds available for withdrawal by electronic transfer before each due date.

5.4 Advertising Programs

Recognizing the value of uniform advertising and promotion to the goodwill and public global image of the Franchise System, the Franchisee agrees that the Franchisor shall have the right to maintain and administer a general advertising fund (the "**Fund**") for such national, regional, and other advertising and promotional programs (including gift certificates, gift cards and coupons). The Franchisee shall pay to Franchisor or to any person designated by it a recurring advertising contribution to the Fund in the amounts determined by Franchisor from time to time (and currently set at One Hundred Dollars (\$100) per month plus any applicable taxes) for each month of the Initial Term and renewal term hereunder for use by Franchisor in conducting Advertising Programs ("**Advertising Fee**"). The Advertising Fee is payable at the same time and in the same manner as the Royalty Fee set forth above.

5.5 Use of Advertising Payments

Franchisor shall utilize advertising payments received from all franchisees to formulate, develop, produce and conduct advertising and promotional programs, commercial prints, merchandising materials, website maintenance and updates, social media content, search engine optimization, special promotions and similar advertising and promotional material ("**Advertising Programs**") for the benefit of all Perfect Skating Units, including the Franchised Business and any corporate owned locations owned by the Franchisor or the Franchisor's Affiliates. All costs (including, without limitation, media costs, market research costs, production costs, commissions, and reasonable administrative costs and overhead) incurred by Franchisor in connection with the Advertising Programs shall be paid from advertising funds received by Franchisor from its franchisees pursuant to the provisions of this Section or provisions similar hereto. Franchisor may

engage the services of an advertising agency to formulate, develop, produce, and conduct the Advertising Programs and the cost of such services shall be payable from the advertising funds. Franchisor may reimburse itself a reasonable amount out of such advertising funds, not exceeding fifteen percent (15%) of any expenditures from the Advertising Programs in any one year, as an administration fee associated with the cost of office supplies, telephone, advertising, agency fees and other items as the Franchisor may deem necessary to administer the Fund and indirect costs for providing the services of any advertising and marketing staff. The Franchisee understands and acknowledges that the Advertising Programs are intended to maximize general public recognition and acceptance of all Perfect Skating Units, including the Franchised Business and any corporate owned locations owned by the Franchisor or the Franchisor's Affiliates, and that Franchisor undertakes no obligation to ensure that any particular Perfect Skating Unit, including the Franchised Business, benefits directly or pro rata from the placement or conduct of the Advertising Programs. All decisions from time to time regarding the mix of advertising, the use of contributions, the selection of media and of advertising and promotional content shall be within the sole discretion of Franchisor. Franchisor shall, if so requested by the Franchisee within one hundred twenty (120) days from the end of the fiscal year, provide the Franchisee with a summary report as to receipts and disbursements in respect of the Advertising Program in such year, the costs of the preparation of which shall be borne by the Fund. Any monies remaining in the Fund at the end of any year shall carry over to the next fiscal year. Although the Fund is intended to be of perpetual duration, the Franchisor may terminate the Fund. The Fund shall not be terminated, however, until all monies in it have been expended for advertising or promotional purposes or returned to then-current contributing franchisees or those Perfect Skating Units operated by the Franchisor, without interest, based on their respective contributions.

For certainty, any internet website, e-mail addresses, or other means of electronic communication (including any form of social media) created and/or operated by or on behalf of the Franchisor related directly or indirectly to advertising or promotion of the Franchise System, Goods and Services and/or Franchised Business is a form of “**advertising**” under the Franchise Agreement and may be paid for by the Fund.

5.6 Local Advertising Expenditures

You are currently required to spend \$100 per month to market and advertise your Perfect Skating Franchised Business (“Local Marketing”). You may only use advertising material for Local Marketing that is approved by us. Any advertising or marketing material that you intend to use must receive prior written approval from us. If you do not receive our written disapproval within fifteen (15) days from the date the materials are delivered to us, then the materials will be deemed approved. The approval of marketing or advertising material is valid for one year. (Franchise Agreement – Section 12.8) You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising. We are not required to spend any amount on advertising in your Protected Territory.

5.7 Technology Fee

A technology fee in an amount determined by the Franchisor from time to time (and initially set at Three Hundred Fifty Dollars (\$350), plus all applicable taxes) shall be paid by the Franchisee to the Franchisor on a monthly basis for each month of the Initial Term and any renewal term (“**Technology Fee**”). The Technology Fee is payable at the same time and in the same manner as the Royalty Fee set forth above. We may increase the Technology Fee upon written notice to you if we decide to deliver additional technology services to you or if the costs and expenses associated with delivering the included technology services to you increase. Any increase in the Technology Fee will be based upon an increase in our costs and expenses in delivering the included technology services to you.

5.8 Currency and Setoff

All amounts payable pursuant to this Agreement shall be made in United States Dollar, shall be paid as directed by Franchisor by EFT, ACH, direct debit, or money order to Franchisor at its office, and shall be paid without any demand and without any setoff, abatement, or deduction whatsoever.

5.9 Overdue Payment

To encourage prompt and timely payment of the Royalty Fees, Advertising Fees, Technology Fees and other fees due under this Agreement, and to cover the costs and expenses involved in handling and processing any payments not received by their due dates, the Franchisee shall also pay, upon demand, interest on any late payment at the lesser of two percent (2%) interest per month, compounded, or the highest rate permitted by law. Such interest shall accrue from the date payment was due until the date payment is actually received by Franchisor. Notwithstanding the foregoing, each failure to pay the Royalty Fees, Advertising Fees, Technology Fees, or other payments payable to us when due will be a material breach of this Agreement. In addition, if any amounts due to Franchisor are not made by the due date, the Franchisee will be required to pay Franchisor one hundred dollars (\$100) per occurrence, per day, in addition to interest on overdue amounts.

5.10 Franchisee Video and Photo Start Up Package

You will pay us to prepare and deliver a video and start up package for your Perfect Skating Franchised Business. This fee is due and payable when we take the video and photos associated with the package. The Franchisee Video and Photo Startup Package currently costs \$750.

5.11 Marketing Kit

You are required to purchase a marketing kit from us before you open your Perfect Skating Franchised Business. The cost of the marketing kit is currently \$3,250.

5.12 Initial Connection Fee for Perfect Skating Application

You are required to utilize our proprietary mobile application in connection with the operation of your Perfect Skating Business. We charge you an initial connection fee of \$850 to set up the application for your use. This fee is payable to us upon invoice.

5.13 Website (Microsite) Fee

We charge you a fee to set up a location specific microsite within our website. The Website Fee is currently \$850 and is payable to us upon invoice.

5.14 Fee Increase

All fees are payable in United States Dollars (USD). We may increase any fee upon 30 days prior written notice to you.

ARTICLE 6 INITIAL SET-UP

6.1 Location.

We require that you have selected, and we have approved your proposed location before we will sign the

Franchise Agreement. It usually takes us no more than thirty (30) days to review and approved your proposed location. The location must meet our criteria for demographics; traffic count; parking; ingress and egress; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. Perfect Skating Franchised Businesses are typically located in privately and publicly owned indoor ice rinks, home office/hockey arenas, or similar locations with dressing rooms, locker rooms, suitable ice, and related services where you are able to secure ice time on an hourly basis. We do not typically own or lease locations to our franchisees. For each proposed Perfect Skating Franchised Business site, you must submit to us, in the form we specify, a description of the location and any other information or materials that we may require. The criteria that we utilize to evaluate your proposed location are neighborhood demographics, traffic patterns, parking size, layout, and other physical characteristics for a Perfect Skating Franchised Business. If you fail to identify a mutually agreeable location by the established deadline, then we may terminate your Franchise Agreement. If you fail to identify a mutually agreeable location by the established deadline, then we may terminate your Franchise Agreement.

6.2 Start Up Equipment and Marketing Material Purchases.

The Franchisee shall make purchases of the start-up equipment and marketing materials on an as needed basis through the “Hub”, which is the franchisee communication portal that has been established by the Franchisor.

6.3 Time to Open Franchised Business

Unless we agree otherwise, you must open the Perfect Skating Franchised Business within three (3) months after signing your Franchise Agreement. We estimate that the Perfect Skating Franchised Business will typically open for business approximately three (3) months after signing Franchise Agreement.

ARTICLE 7 BUSINESS RECORDS AND FINANCIAL REPORTING

7.1 Bookkeeping, Accounting and Records

The Franchisee shall establish a bookkeeping, accounting and record keeping system in conformity with reasonable requirements prescribed from time to time by Franchisor including without limitation, the use and retention of invoices, purchase orders, payables records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursement journals and general ledgers together with such further and other records and documents as may from time to time reasonably be required to accommodate any changes in such systems, including without limitation any computerized bookkeeping and accounting systems established from time to time, which books and records shall be available for inspection by Franchisor or its representative during normal business hours upon Franchisor’s providing the Franchisee three (3) days’ notice.

7.2 Sales Recording

It is acknowledged by the parties that the vast majority of all transactions will be done via e-commerce purchases or invoices only. With respect to invoice transactions only, the Franchisee and all personnel employed by it shall record at the time of sale, in the presence of customers if the sale is made when the customer is present, all receipts from sales or other transactions, whether for cash or credit, with cumulative totals, which shall be sealed in a manner approved by Franchisor and having such other features as shall be approved by Franchisor, from time to time. The Franchisee agrees to record all invoiced transactions in the Franconnect software system for ease of reference.

7.3 Reports and Financial Information

The Franchisee shall furnish Franchisor in the form prescribed by Franchisor:

- (a) a monthly report of Gross Revenue within ten (10) days following each month-end for the previous calendar month for each month of the Initial Term and any renewal term hereunder, signed and verified by a duly authorized signing officer of the Franchisee, together with copies of such other information and supporting records as Franchisor may from time to time require;
- (b) within twenty (20) days after the end of each month, a profit and loss statement and balance sheet for the Franchised Business for such month;
- (c) an annual report within ninety (90) days of the end of each fiscal year of the Franchised Business during the Initial Term and any renewal term hereunder, which shall include without limitation a balance sheet, a statement of income and a statement of source and application of funds for such fiscal year setting forth, in comparative form, the corresponding figures for the same period in the previous fiscal year and compiled in accordance with *Generally Accepted Accounting Principles* and a review engagement, in each case, by a firm of independent chartered professional accountants chosen by the Franchisee and acceptable to Franchisor acting reasonably; and
- (d) within thirty (30) days of filing, a true copy of all returns, schedules, reports, and payment receipts filed by you for income, corporate or sales tax purposes, if requested by us.

Monthly and annual reports shall be provided no later than the period provided in Subsections 7.3(a) to 7.3(d).

7.4 Disclaimer

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

7.5 Authorization

The Franchisee authorizes Franchisor to make enquiry of its or their bankers, suppliers, and trade creditors as to their dealings with the Franchisee, to discuss the affairs, finances, and accounts of the Franchised Business and to obtain information of all written materials relating to such dealings. If requested, the Franchisee agrees to execute and deliver such directions and other documents as Franchisor may require in order to permit the release or disclosure of any such information to Franchisor, its agents or nominees.

7.6 Audit

At its option Franchisor may cause at any time a complete audit to be made of all financial books, records, documents, or other materials in respect of the business carried on by Franchisee. If the auditor shall report that in his opinion Franchisee's books and records were insufficient to permit a proper determination of Gross Revenue for any year or part thereof to be made or that Gross Revenue for the period in question was understated by two percent (2%) or more, Franchisee shall immediately take such steps as may be necessary to remedy such default in accordance with the recommendations of such auditor and Franchisee shall promptly pay to Franchisor the cost of such audit and any Royalty Fee due on any understated Gross

Revenue. We estimate that the audit costs will be approximately \$500 per hour per audit representative although such fees are subject to change based upon prevailing rates for such representatives. Franchisor shall have the right without limitation:

- (a) if Franchisee's records and procedures were insufficient to permit a proper determination of Gross Revenue, to estimate the amount of Gross Revenue and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of continuing Royalty Fees, such estimate being final and binding upon Franchisee;
- (b) if the audit discloses that Gross Revenue was understated by two percent (2%) or more as aforesaid, in addition to collecting the Royalty Fee on such understated Gross Revenue and receiving the cost of the audit, Franchisor shall have the right to forthwith terminate this Agreement; and
- (c) if such audit discloses that Gross Revenue is overstated, Franchisor shall forthwith pay to Franchisee a cash rebate representing the related over-payment of Royalty Fees.

ARTICLE 8 MARKS

8.1 License

Franchisor grants to Franchisee and Franchisee accepts a non-exclusive, non-transferable right and sublicense to use the Marks as a registered user in respect of the Franchised Business. This sublicense shall be contemporaneous and coterminous with this Agreement and is granted solely in the context of this Agreement. If this Agreement is terminated, or expires, or is assigned otherwise than as is provided herein, the rights to use the Marks granted herein shall end and be of no further force or effect. Except as otherwise provided in this Agreement, Franchisee will not use any mark other than the Marks listed in Schedule "B" in operating the Franchised Business. Franchisee shall use the Marks only in association with Goods and Services, in such manner, in accordance with such standards of business as may be approved by Franchisor from time to time and in accordance with the Franchise System.

8.2 Use of Marks

- (a) Franchisee shall not use the Marks, or any part of them, as or in any corporate, business or trade name.
- (b) Franchisee may use the tradename "PERFECT SKATING" only in its business name. Franchisee agrees that all such usage shall inure to the benefit of Franchisor and shall be in strict accordance with any terms and conditions set forth from time to time by Franchisor. The consent to the use of the Marks in Franchisee's business name and corporate name, as set out in this provision, shall be deemed to be immediately revoked upon termination or expiration of this Agreement. In such event, Franchisee shall immediately change its business name or corporate name to delete the tradename "PERFECT SKATING" therefrom and shall provide evidence to Franchisor that any business name registrations or corporate names using such tradenames have been officially changed or terminated.
- (c) The Franchisor may from time to time amend the contents of Schedule "B" hereto by adding or deleting trademarks or tradenames. Such amendments may be effected by an authorized signing officer of the Franchisor initialing and dating an amended Schedule "B", with the amended Schedule "B" becoming effective on the date on which such signing

officer has initialed the same. The terms and conditions of this Agreement shall apply to such amended Schedule "B" fully and completely as though it had always formed part of this Agreement.

8.3 Quality Control

In order to develop and maintain high and uniform standards, quality, and service and to protect the reputation and goodwill of Franchise System, Franchisee covenants that it will:

- (a) use the Marks only in a form and manner that is acceptable to Franchisor;
- (b) strictly adhere to the standards governing the quality of the Goods and Services performed in association with the Marks, as well as to any other requirements Franchisor indicates in its sole discretion at any time;
- (c) allow the Franchisor to access Franchisee's premises at a time of Franchisor's choosing during normal business hours for the purpose of inspecting the Goods and Services provided by Franchisee in association with the Marks so as to ensure compliance with the Franchisor's standards;
- (d) use the Marks solely in the manner prescribed by Franchisor from time to time including use of signage which shall conform to the specifications of Franchisor as to artwork, lettering, size, colors, construction, and overall appearance. Without limiting the generality of the foregoing, on all labels, signs, printed matter, packages invoices or advertising of any kind printed by or on behalf of Franchisee in which the marks appear, each shall be followed by TM or ®, as shall be required by Franchisor and there shall be a brief statement that Franchisor is the licensor of the Marks and if the name of Franchisee shall appear in any such materials, there shall be a brief statement that it is a sublicensed user thereof;
- (e) adopt and implement, at its own expense, any changes in the Marks by Franchisor for purposes of Franchise System from time to time; and
- (f) obtain advance approval by Franchisor with respect to the total appearance of the Marks incorporating Franchisee's name or other identifying words and, if permitted or required by law in the state in which the Franchised Business is operated, Franchisee shall file and maintain a name or business style registration under which Franchisee may carry on business.

8.4 Termination

Franchisee agrees that it shall use the Marks only for so long as it is permitted to do so hereunder. Upon termination or expiration of this Agreement, for any reason whatsoever, Franchisee shall:

- (a) immediately cease any and all use of the Marks and discontinue the provision of all Goods and Services in association with the Marks and any word or design confusing with any of the Marks, either as a trademark or as a corporate, business, or trade name, or as an element in a trademark or a name;
- (b) remove all signs, labels, and other indicia of right to use the Marks and shall not thereafter use any trade name, trademark, or other words confusingly similar thereto;

- (c) not do anything inconsistent with the validity of the Marks or inconsistent with Franchisor's ownership of the Marks; and
- (d) destroy or deliver up to Franchisor all labels, signs, promotional, advertising, and other printed materials, and all non-printed materials and objects, bearing the Marks under the power or control or in the possession of Franchisee.

8.5 No Contest

Franchisee acknowledges that Franchisor is a licensee of the Marks and expressly covenants that it shall not directly or indirectly contest or aid in contesting the validity of ownership or license of such Marks or take any action whatsoever which might affect or prejudice the rights of Franchisor therein, either during the Initial Term and any renewal term of this Agreement or after the expiration or termination hereof. Franchisee shall not either during the Initial Term or any renewal term of this Agreement or after the expiration or termination hereof adopt any trademark which shall incorporate any feature of or which might be confusingly similar to any of the Marks.

8.6 Notice of Claim

Franchisee agrees to promptly notify Franchisor of any claim, demand or suit based upon or arising out of any attempt by any other person, firm, or corporation to use the Marks or any colorable variation thereof. Franchisee further agrees to promptly notify Franchisor of any litigation instituted by any person against it or Franchisor involving the Marks and to permit Franchisor to assume the conduct of such litigation. In the event Franchisor undertakes the defence or prosecution of such litigation relating to the Marks it shall do so at its own expense and Franchisee agrees to execute any and all documents and do such acts and things as, in the opinion of counsel for Franchisor, may be necessary or desirable to carry out such defence or prosecution.

8.7 Inspection

In order to preserve the validity and integrity of the Marks and to ensure compliance with the foregoing requirements, Franchisor shall at all times have the right to inspect all aspects of the use of the Marks. Franchisee shall co-operate with Franchisor's representative in such inspection and shall render such assistance as may be reasonably requested. The provisions of this Article shall survive the expiration or termination of this Agreement for the benefit of Franchisor.

8.8 Ownership of Marks

The Franchisee acknowledges and agrees that Perfect Skating Inc. (the "TM Owner") is the owner of all right, title and interest in and to the Marks, and that the TM Owner licenses to the Franchisor the right to use the Marks and sublicense the Marks to franchisees in Canada. The Franchisee understands and agrees that its right to use the Marks is non-exclusive. Franchisee acknowledges and agrees that all use of the Marks by Franchisee and any goodwill generated by Franchisee's use of the Marks shall inure solely to the benefit of Franchisor and the TM Owner. Franchisee acknowledges and agrees that it shall not, directly, or indirectly, during or subsequent to the Initial Term and any renewal term hereunder do anything inconsistent with the validity, ownership, distinctiveness or integrity of the Marks, or the goodwill attaching thereto, nor shall it assist any third party in doing so. The Franchisee acknowledges and agrees that it shall not seek to register any mark which contains or is comprised of any of the Marks, nor any mark confusingly similar thereto. Franchisor does not make any representation or warranty to Franchisee that any of the Marks are registered or registrable, that Franchisor has the right or exclusive right to use any of the Marks, or that the Marks do not infringe on any intellectual property, proprietary or other right of any person.

8.9 Internet and Social Media

As used in this Agreement, the term “**Internet**” means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software and includes, but is not limited to, the world wide web, websites and Internet-based social media networking platforms including, without limitation, Facebook, Instagram, Twitter, LinkedIn. In connection with the Internet, you agree to the following:

- (a) All domain names that contain, are comprised of, or are confusing with, the Marks shall be registered in the name of, and managed by, Franchisor, or its licensor. Under no circumstances shall Franchisee register any Internet domain names that contain, are comprised of, or confusing with, the Marks. The Franchisor, in its sole discretion, shall decide which domain names may be used by Franchisee. Franchisor shall incur the registration costs associated with the domain name registrations, while Franchisee shall incur the expenses associated with the design and maintenance of its website.
- (b) Franchisor has a central website that it manages for all Perfect Skating businesses in the Franchise System. Franchisor's website will list each Perfect Skating business and information regarding the Franchise System. Franchisor may create a micro-website for the Franchisee, consistent with those created for other franchisees in the Franchise System.
- (c) Franchisee shall be permitted to promote the Goods and Services on the Internet and social media only in a manner and form designated or reasonably approved in writing in advance by Franchisor. Any content or posting not approved by the Franchisor and requested to be removed shall be immediately removed by the Franchisee.
- (d) Franchisee acknowledges and agrees that Franchisor has the right to approve or disapprove of the design and contents of any Internet website or social media account associated with Franchise System or the Marks or the Franchised Business from time to time, and Franchisee agrees that upon receipt of written notice from Franchisor disapproving of any designs or contents of any Internet website associated with Franchise System or the Marks or the Franchised Business, Franchisee shall forthwith remove or cause the removal of all such disapproved designs or contents from further display thereon or access therefrom immediately.

ARTICLE 9 MANUALS

9.1 Compliance

Franchisee shall conduct the Franchised Business from the Protected Territory in accordance with the established business practices of Franchisor. Franchisor reserves the right to prepare and distribute to Franchisee a Manual, which may be updated from time to time by the Franchisor, setting out the established business practices, policies, and procedures of Franchisor and, if provided, the Manual shall prevail, and Franchisee shall not deviate therefrom.

9.2 Non-Disclosure

The Franchisee shall at all times maintain the confidentiality of the Manual, established business practices, policies and procedures of Franchisor. The Franchisee acknowledges that it has had no part in the creation or development of nor does it have any property or other rights or claims of any kind in or to, any element

of Franchise System, the Marks or any matters dealt with in the Manual or established business practices, policies and procedures of Franchisor and that all disclosures made to the Franchisee are communicated to it solely on a confidential basis as trade secrets in which Franchisor has a substantial investment and a legitimate right to protect the same against unlawful disclosure. Accordingly, at no time during the currency of this Agreement or of any renewal or at any time thereafter shall the Franchisee or Principal disclose any of the contents of the Manual or any established business licences, practices, policies, and procedures of Franchisor or any information whatsoever with respect to the Franchisee's or Franchisor's business or Franchise System other than to Franchisor or as may otherwise be required to enable the Franchisee to conduct the Franchised Business. This Section 9.2 shall survive the expiration, transfer, or termination of this Agreement for any reason whatsoever.

9.3 Property Rights

The Franchisee acknowledges that the Manual and established business practices, policies, and procedures of Franchisor are and shall at all times remain the sole and exclusive property of Franchisor and upon termination of this Agreement for any reason whatsoever, the Franchisee shall forthwith return the Manual together with all copies of any portion of the Manual, which the Franchisee may have made, to Franchisor.

9.4 Updates

Franchisor may from time to time revise the Manual and the Franchisee agrees to comply with each such revision and to ensure that its copy of the Manual is kept current. In the event of any dispute as to whether or not the Manual is current, the terms of the master Manual maintained by Franchisor shall prevail. All material in the Manual, which is replaced or amended, shall be forthwith destroyed by the Franchisee.

9.5 Sources of Supply

The Franchisee acknowledges that it is in the interest of the Franchisee, Franchisor, and all other franchisees of Franchisor that the uniform standards of the Franchise System be adhered to. Accordingly, the Franchisee agrees to use only those Goods and equipment associated with the Franchise System as Franchisor may designate from time to time and to acquire same from suppliers designated by Franchisor or approved in writing by the Franchisor.

9.6 Payments to Suppliers

Franchisee agrees to make all payments to the suppliers of equipment, products and supplies purchased for the Franchised Business in full when due. Franchisee understands and agrees that failure to do so may harm the reputation of Franchisor and adversely affect the relationship with such suppliers and any volume purchase or timely purchase discount arrangements which Franchisor has been able to secure with such suppliers. In the event that Franchisee shall fail to pay a supplier in full when due, Franchisor shall have the right, but not the obligation, to make payments to such suppliers on behalf of Franchisee, and in such event Franchisor shall invoice Franchisee for such payments and Franchisee shall immediately reimburse Franchisor for the amount of all such payments made to suppliers, together with interest at the rate of prime plus ten percent (10%) per annum.

ARTICLE 10
INITIAL OBLIGATIONS OF FRANCHISOR

10.1 Initial Training and Opening Assistance

The Franchisee understands that the Franchise System and the Perfect Skating Methodology is an elite performance skating program, and requires the Franchisee, its Principal and/or its proposed General Manager to have the ability to perform and train others on elite-level technical skating skills. You agree that it is necessary to the continued operation of the System and the Franchised Business that your personnel receive such training as we may reasonably require, and accordingly agree as follows:

- (a) Before the opening of a Franchised Business, the Franchisor shall furnish, and the Franchisee (or if the Franchisee is a partnership or corporation, the Principal) and/or the proposed General Manager of the Franchised Business must attend and complete to the Franchisor's satisfaction a mandatory initial training program (the "**Initial Training Program**"). The Initial Training Program lasts approximately seven (7) days, or for such longer period of time as the Franchisor may require. The Initial Training Program includes instruction relating to the operation and management of the Franchise System and the Franchised Business, sales and marketing, administration and finance, client service delivery, employee recruitment, hiring, training, and scheduling, insurance and bonding, computer software systems and on-the-job training. The Initial Training Program shall be held in Ottawa, Ontario or at such other place as may be specified by the Franchisor and the Franchisee shall be responsible for all costs relating to the Initial Training Program including without limitation all out-of-pocket costs, travel, transportation, lodging, and other expenses incurred during such training with the exception of the labour expenses associated with such instruction conducted by Franchisor.
- (b) If any Franchisee, Principal, or proposed General Manager fails to complete the Initial Training Program to the Franchisor's satisfaction, the Franchisor shall notify the Franchisee and the Franchisee may select and enroll a substitute General Manager in such training program. If the Franchisor provides training (subject to reasonable limitations prescribed by the Franchisor as to frequency and time of such training programs) to any new General Manager after the launch of the Franchised Business, the Franchisee shall pay to the Franchisor the Franchisor's then-current re-training fee, which currently is Five Hundred Dollars (\$500) per day. The Franchisee shall pay all travel, transportation, lodging, and other expenses incurred by the Franchisee and its other attendees while attending all training courses.
- (c) If the Franchisee, its Principal, or its General Manager fails to complete the initial training program to Franchisor's satisfaction, Franchisor shall have the option to immediately terminate this Agreement. Upon such termination of this Agreement, the parties shall deliver to each other such releases and other documents as may be required to fully terminate all agreements between the parties in respect of the subject matter of this Agreement. Notwithstanding the foregoing sentence, such releases shall not release any of those rights and obligations which cannot be released at law. In the event of such termination, Franchisor shall refund the Initial Franchise Fee within seven (7) days after the effective date of termination less reasonable costs, including without limitation, costs for expenses reasonably incurred by Franchisor in connection with the granting of the franchise under this Agreement, the negotiation and execution of this Agreement and any other agreement between the parties, license fees and other costs incurred in relation to the technology start-up, and the cost of the initial training program.

- (d) Franchisor may terminate this Agreement if the Franchisee fails to: (i) commence its initial training program within sixty (60) days following the date of this Agreement, or at such other date that the parties may agree in writing, and (ii) open its Franchised Business within sixty (60) days of the completion of its initial training program to Franchisor's satisfaction. In the event that Franchisor elects to exercise its option to terminate this Agreement, we will not refund any portion of the Initial Franchise Fee.

10.2 Manual

Franchisor shall provide Franchisee one (1) Manual on loan for use in the Franchised Business upon execution of this Agreement.

ARTICLE 11 ONGOING OBLIGATIONS OF FRANCHISOR

11.1 Continuing Service

After the opening of Franchised Business, Franchisor shall furnish to the Franchisee such continuing advice, guidance, and services as from time to time may be required, as determined by Franchisor, with respect to the following:

- (a) local promotion;
- (b) administrative, marketing, merchandising and general business and other consulting advice provided that any decisions made, or actions taken, by the Franchisee upon any such advice shall be its sole responsibility and Franchisor shall not be liable or otherwise answerable in any manner for any detriment or any loss incurred or suffered by the Franchisee based upon such advice;
- (c) periodic bulletins and information concerning various aspects of and improvements to Franchise System;
- (d) purchasing of goods, supplies, and equipment; and,
- (e) consultation and advice by Franchisor personnel by visit, telephone, mail or otherwise as Franchisor may deem reasonably necessary from time to time.

11.2 Additional Training

Additional training, retraining, refresher courses, seminars, or management/franchisee meetings may be provided by the Franchisor and the Franchisee shall ensure that its designated employees attend any such training or educational events (if deemed mandatory by the Franchisor) and successfully complete such programs as required by the Franchisor from time to time. The fees payable by the Franchisee related to such training, retraining, refresher courses, seminars, or management/franchisee meetings shall be at the Franchisor's then current daily fee. In addition to the Franchisor's fees all travel and living expenses and all wages or other amounts payable to any trainees or attendees are the responsibility of the Franchisee and no wages or other amounts shall be payable by the Franchisor to any such trainee or attendee for any service rendered during the course of such events or training. The Franchisee shall ensure that its designated employees attend any mandatory training or educational events and successfully complete such programs as required by the Franchisor from time to time.

11.3 Cost

Except as expressly provided herein or in any other agreement, the cost of the services provided by Franchisor pursuant to the foregoing Section shall be additional to the continuing Royalty Fee and other amounts payable by the Franchisee hereto. The current hourly fee for such additional training if by telephone is One Hundred Dollars (\$100) per hour. The current daily fee is Five Hundred Dollars (\$500) and the current daily fee if such services are conducted by Shawn Allard is One Thousand Dollars (\$1,000).

11.4 Invoice and Payment Services

Franchisor will invoice and collect fees and other amounts owed by your customers through the Franchisor's website. The Franchisee may not directly bill or invoice its customers for any goods or services sold in connection with the Franchised Business except as Franchisor specifically approve or require (at this time Franchisor does not bill or collect any revenues from any event sponsors although it may do so in the future). The Franchisee agrees to instruct its customers regarding the use of Franchisor's website to register for programs and submit payments. If we permit you to collect sponsorship fees in connection with programs or events offered through the Franchised Business, all sponsors must pay sponsorship fees directly to Franchisor. The Franchisee may not directly collect any sponsorship fees from a sponsor. Franchisor has no liability or responsibility for non-payment by your customers or sponsors and the Franchisee agrees to take all reasonably necessary steps we request in order to collect amounts owed from your customers and sponsors. Franchisor may deduct from the revenues it collects on the Franchisee's behalf any and all costs incurred by Franchisor in connection with collecting funds from your customer and sponsors (for example merchant processing fees or interest charges). All of these costs are pass-through costs and we do not retain any portion. If any customer of the Franchisee desires to pay fees on a monthly basis, the Franchisee will incur a Five Percent (5%) additional administrative fee of the amount the Franchisee's customer pays overtime, which amount will be paid to, or retained by, Franchisor as consideration for setting up this payment plan.

ARTICLE 12 OBLIGATIONS OF THE FRANCHISEE AND PRINCIPAL

12.1 Obligations

The Franchisee acknowledges that maintaining quality standards and uniformity of the Goods and Services sold under the Franchise System is essential to maintain and expand goodwill and to ensure the success of the Franchise System, for the benefit of the Franchisor, the Franchisee, and all other Perfect Skating Units. Consequently, Franchisee and each individual who owns an interest in your corporation or limited liability company (each a "Principal" and collectively the "Principals")) undertake:

- (a) to operate the Franchised Business dedicated to the development of hockey players in accordance with the Manual and not to engage in any other type of business or activity;
- (b) to operate the Franchised Business under the trade name "Perfect Skating" or any other name designated by Franchisor, and under no other name;
- (c) to bear all costs related to equipping the Franchised Business for operation;
- (d) to ensure that the Franchised Business is at all times under the direct on-premises supervision of a General Manager, the Principal, or a trained and competent employee of the Franchisee approved by the Franchisor;

- (e) to operate the Franchised Business at all times with diligence and efficiency in an up-to-date and reputable manner;
- (f) to operate the Franchised Business during such days, nights and hours as may be designated by Franchisor from time to time;
- (g) to hire and maintain an adequate and competent staff, including accredited instructors, to properly serve all customers and so as to produce maximum sales having regard to the Franchisee's concern at making a profit;
- (h) to purchase, install, and maintain a computer system and payment processing terminal that meets the functional requirements for utilizing the software and cloud-based services we require (the "Computer System"). Our specific requirements for computer systems, payment processing terminals, software and cloud-based services are included in the Manual which may be updated and/or upgraded upon written notice to you.
- (i) to ensure that all full-time and part time employees and all instructors receive training and accreditation from Franchisor, and that Franchisor is paid for its costs in relation thereto;
- (j) to cause all staff to maintain a clean-cut and neat appearance;
- (k) to comply with the requirements of all Employment Insurance, Workers' Compensation, hospitalization or other legislation, rules or regulations respecting employees and employee benefits whether now or hereinafter enacted and to make all contributions that may be required or demanded under or by virtue of any such legislation, rules, or regulations;
- (l) to attend training courses conducted by Franchisor from time to time as Franchisor may from time to time reasonably prescribe;
- (m) to comply with all federal, state, municipal or other governmental laws, statutes and by-laws, regulations, and rules, applicable to the Franchised Business;
- (n) to operate the Franchised Business in strict compliance with the standards, policies, rules, and regulations of Franchisor;
- (o) to conduct the Franchised Business using the Marks as required herein;
- (p) to participate in such annual and special sales promotions of Goods and Services (and any other materials requested by Franchisor) as Franchisor in its sole discretion shall from time to time require;
- (q) to use such promotional signage, lettering, pictures or decorations and other sales or promotional advertising materials or articles as Franchisor shall from time to time require;
- (r) to maintain the equipment in a clean orderly and sanitary condition and to keep the equipment and in good repair;
- (s) to provide Franchisor with copies of all facilities' rental contracts (i.e., ice contracts) entered into by the Franchisee;

- (t) to pay all outstanding bills, accounts, taxes, and other amounts payable promptly when the same shall be due and payable and to employ sufficient working capital in the Franchised Business to enable the Franchisee to properly carry out and perform its obligations under this Agreement;
- (u) save and except for use of the Marks as specifically provided herein, to carry on business under its own name and to enter any contracts, banking arrangements, mortgages, security documents or other instruments or agreements solely in its own name;
- (v) to otherwise use Franchise System and all of its aspects in the carrying on of Franchised Business by the Franchisee in the Protected Territory.

12.2 Sale/ Promotion of Approved Items and Goods and Services

The Franchisee agrees to sell, dispense, handle, or otherwise deal in only such Goods and Services as Franchisor shall first approve of in writing. Furthermore, the Franchisee agrees to promote the programs required by the Franchisor.

12.3 Pricing

The Franchisee acknowledges and agrees that the integrity and goodwill developed in its Franchised Business and all other Perfect Skating businesses may depend upon the sale of goods and services at competitive prices and that, therefore, the Franchisor may specify from time to time, maximum or minimum prices for the Franchisee's goods and services and the Franchisee agrees to comply with such directions from the Franchisor concerning prices. The Franchisee further acknowledges that it is in its best interest, and the best interest collectively of other franchisees in the same city and surrounding area, to maintain equal and consistent pricing across all locations in such region and that price reductions for memberships, programs and/or personal training must be made by the Franchisor. No discounts with respect to retail goods may be advertised or posted on-line.

12.4 Discounts and Rebates

In the event that any rebate, commission, payment, volume discount, fee, discount bonuses or other benefit, whether by cash, kind, or credit (the "**Rebate**") is received by Franchisor from any supplier, whether or not on account of purchases made by or for the account of the Franchisee, Franchisor shall be entitled to retain the whole of the amount of the value of the Rebate.

12.5 Coupons

The Franchisee agrees to participate in all promotional campaigns instituted by Franchisor and to honour all coupons and other such devices distributed by Franchisor.

12.6 Substandard Supplies

In order to maintain quality, standardization, uniformity and consistency among all Perfect Skating Units, Franchisor reserves the right to require Franchisee to remove from use at the Franchised Business any items of equipment, supplies or products that do not conform to Franchisor's specifications and quality control standards upon forty-eight (48) hours' written notice in the case of perishable items, and otherwise upon seven (7) days' written notice to that effect.

12.7 Operation of the Franchised Business

The Principal is responsible for the day-to-day operations of a franchise or licensed business and is expected to provide the primary “hands on” management. The Principal is responsible for the complete compliance with, and full performance of, all obligations of the Franchisee under the Franchise Agreement.

12.8 Local Advertising

The Franchisee shall only conduct local advertising activities within its Territory, unless otherwise approved by Franchisor. Any advertising and promotion conducted by the Franchisee must be clear, not misleading, must conform to Franchisor's requirements and must reflect favourably on Franchisor, the Franchisee, the Franchise System and the good name, goodwill, and reputation thereof. Franchisor may create and make available to the Franchisee advertising and marketing materials for the Franchisee's purchase. Franchisor may use the Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. Franchisor may make these materials available over the Internet (in which case the Franchisee must arrange for printing the materials and paying all printing costs). Alternatively, Franchisor may enter into relationships with third-party suppliers who will create the advertising or marketing materials for the Franchisee's purchase. Franchisor will provide reasonable marketing consulting, guidance, and support throughout the franchise term on an as- needed basis. If the Franchisee elects to develop (or have developed for the Franchisee) its own marketing materials, the Franchisee must submit these materials to Franchisor for its approval before the Franchisee may use them. Franchisor shall have thirty (30) days after receipt of the materials to advise the Franchisee if they are approved. If Franchisor does not provide its specific approval of such materials, they are deemed not approved. Any materials the Franchisee submits to Franchisor will become Franchisor's property, and there will be no restriction on Franchisor's use or dissemination of these materials.

If Franchisor approves the marketing materials that the Franchisee submits, Franchisor may require the Franchisee to purchase these materials from our designated and approved supplier and the Franchisee shall provide Franchisor or the designated and approved supplier with any information or templates needed to produce the marketing materials. At Franchisor's request, the Franchisee shall include certain language in your local advertising materials, including “Franchises Available” and our Website address and telephone number.

Franchisee agrees that Franchisor is the sole and exclusive owner of all copyrights and any and all advertising and promotional material prepared by Franchisor or on its behalf and shall at all times remain Franchisor's property.

Franchisee may be required to join and participate in advertising cooperatives (“Co-op”), which is an association of other Perfect Skating Franchised Business Franchise Owners whose Perfect Skating Franchised Businesses are located within a defined Area of Dominant Influence (“ADI”). An ADI is a geographic market designation that defines a broadcast media market, consisting of counties, cities, or other geographic identifiers in which home market television stations receive a preponderance of viewing. One function of the Co-op is to establish a local advertising pool, of which the funds must be used for franchisee advertising only and for the mutual benefit of each Co-op member. You must contribute to the pool in accordance with the rules and regulations of the Co-op, as established by the Co-op members. Co-ops are administered by the Co-op members. We do not have any prescribed Co-op documents; however, we must approve any such documents before the Co-op is established to ensure they do not conflict with the terms of any of our franchise agreement and manuals. All Perfect Skating Franchised Business Franchise Owners within an established Co-op must contribute on an equal basis to the cooperative. Franchisor-owned outlets are not required to, but may, join local or regional Co-ops which are established. If a franchisor-owned outlet joins a Co-op, the Franchisor-owned outlet will be subject to the rules and regulations of the Co-op

and the Franchisor-owned outlets will not have any veto powers on fees imposed by the Co-op. Amounts contributed to the advertising pool by Franchise Owners may be counted toward your Minimum Local Advertising Requirement.

12.9 Advertising and Promotion

The Franchisee shall conduct a pre-opening advertising campaign to promote the opening of its Franchised Business, and the Franchisee agrees to spend not less than Five Thousand Dollars (\$5,000) on such campaign. The Franchisor must approve of the pre-opening advertising campaign, including the marketing materials used and their placement before the Franchisee conducts it. In addition, the Franchisee's pre-opening advertising campaign must be approved by the Franchisor, and all expenditures related to such campaign must be pre-paid. The Franchisor will provide the Franchisee with approved stock graphic designs, layouts, and written copy for use in your advertisements and brochures.

12.10 Data Protection

Franchisee must use its best efforts to protect Franchisee's customers against a cyber-event, identity theft or theft of personal information. Franchisee must at all times be compliant with all legal requirements including: (a) payment card industry ("PCI") standards, norms, requirements and protocols, including PCI Data Security Standards; (b) the NACHA ACH Security Framework; (c) the operating rules and regulations of all credit card and merchant services providers; (d) state and federal laws and regulations relating to data privacy, data security and security breaches; and (e) our security policies and guidelines, all as they may be amended from time to time. If there is a conflict between Franchisor's standards and policies pertaining to Applicable Privacy Laws and applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in Franchisor's determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Applicable Privacy Laws.

12.11 Privacy Compliance

- (a) The following terms shall have the following meanings:
 - (i) **"Applicable Privacy Law"** means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including the Federal Trade Commission Act, California Consumer Privacy Act (CCPA), Payment Card Industry Data Security Standard (PCI-DSS), General Data Protection Regulation 2016/679/EU (GDPR), and any and all additional applicable state, federal, or local laws relating to breach notification or marketing in connection with Personal Information, all as amended from time to time; and
 - (ii) **"Personal Information"** means information about an identifiable individual.
- (b) Franchisee represents, warrants, covenants and guarantees to Franchisor, in respect of Personal Information collected, used or disclosed by Franchisee in or in connection with the acquisition, establishment, transfer or operation of the Franchised Business, that any and all such Personal Information has been, is and will be collected, used and disclosed in accordance with all Applicable Privacy Laws and that, without limiting the generality of the foregoing: (i) such Personal Information has been, is and will be collected, used and transmitted by Franchisee to Franchisor with the consent of all relevant individuals; (ii)

Franchisee has informed and will inform such individuals that Personal Information is collected by Franchisee on behalf of Franchisor and not in its own capacity; and (iii) all such individuals have been, are and will be informed of and have or will have consented to the collection, use and/or disclosure by Franchisee and Franchisor of such Personal Information for the purposes contemplated by this Agreement and where such purposes involve secondary uses of Personal Information, such as marketing, have been given the opportunity to opt-out of such uses and disclosure or have been asked to voluntarily opt-in on an optional basis. An opt-out method of obtaining consent for secondary uses or disclosures of Personal Information will be used unless opt-in consent is required in order to comply with Applicable Privacy Laws.

- (c) Franchisee shall (i) abide by all applicable international, national, federal, state, or municipal laws, codes or regulations that regulate the processing of information that can be used (alone or when used in combination with other information within Franchisee's control) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual and all other Personal Information in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules and such other Applicable Privacy Laws; (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us that relate to Applicable Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause Franchisor to breach any Applicable Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing Franchisor deem necessary in its business judgment to keep Franchisor in compliance with the Applicable Privacy Laws; and (v) immediately report to Franchisor the theft or loss of Personal Information (other than the Personal Information of Franchisee's own officers, directors, shareholders, employees or service providers).
- (d) Franchisee further represents, warrants, covenants, and guarantees to Franchisor that it will operate the Franchised Business in compliance with Applicable Privacy Laws. Franchisee acknowledges and agrees that certain data including Confidential Information and Personal Information, may be transferred to, processed, and stored by Franchisor, its Affiliates or other service providers located in other jurisdictions, including the United States and agrees to inform individuals of this fact at or before the time Personal Information is collected, as required by Applicable Privacy Laws. Franchisee agrees not to disclose Personal Information without consent of the individual or as required by law. Franchisee agrees to use reasonable physical, organizational, and technological security measures that are appropriate having regard to the sensitivity of the information to protect Personal Information against loss, theft and unauthorized access, disclosure, copying, use, modification, or disposal. Franchisee agrees to cooperate with any investigation or inquiry by regulatory authorities with jurisdiction over Applicable Privacy Laws. Franchisee agrees to allow Franchisor and its Affiliates to audit its practices to ensure compliance with this Section.

ARTICLE 13 INSURANCE

13.1 Types of Insurance

The Franchisee shall, at its sole cost and expense, take out and keep in full force and effect throughout the Initial Term and any renewal thereof, such insurance coverage as may be required pursuant to any lease for premises to which the Franchisee is a party, and as the Franchisor may from time to time require and on such terms and in such amounts as the Franchisor may from time to time require (including, without limitation, the insurance coverages listed below) in the amounts, fully protecting the Franchisor and the Franchisee against loss or damage occurring in connection with the Franchised Business. All costs in connection with the placing and maintaining of such insurance shall be borne solely by the Franchisee.

- (a) Commercial General Liability Insurance in the minimum amount of Three Million Dollars (\$3,000,000) per occurrence insuring bodily injury, personal injury, and property damage with respect to product liability, premises liability, non-owned automobile liability, and employers' liability. Such policy shall include a cross liability/severability of interests clause and shall name the Franchisor as an additional insured with respect to the actions and operations of the Franchisee. Defence costs under such policy shall apply in addition to the limits of liability. Such insurance shall apply on a primary basis.
- (b) All Risks Property Insurance including flood, earthquake, windstorm, and sewer back up, insuring the full replacement value of all property owned or leased or the responsibility of the Franchisee to insure including buildings (if applicable), leasehold improvements, equipment, plate glass, signs, and stock. The policy shall add landlords and the Franchisor as additional insureds and loss payees as their respective interests may appear.
- (c) Automobile insurance in the minimum amount of One Million Dollars (\$1,000,000) per occurrence on any vehicles owned or leased by the Franchisee;
- (d) Crime Insurance in the minimum amount of Fifty Thousand Dollars (\$50,000) insuring robbery, burglary, and employee dishonesty; and
- (e) Workers' Compensation Insurance as required by law.

13.2 Policies of Insurance

All policies of insurance obtained pursuant to this Section shall:

- (a) be placed only with insurers designated or reasonably acceptable to the Franchisor;
- (b) be in such form and amounts as is acceptable to the Franchisor;
- (c) contain a clause that the insurer will not cancel, materially change, or refuse to renew the insurance without first giving to the Franchisor thirty (30) days' prior written notice;
- (d) be renewable at times specified by Franchisor; and
- (e) name Franchisor as an additional named insured.

13.3 Copies

Copies of all policies or certificates of insurance and any renewals thereof, shall be delivered promptly to the Franchisor by the Franchisee.

13.4 Indemnity

Save and except in respect of any claim which arises solely through the act or omission of Franchisor, Franchisee agrees to indemnify and save harmless Franchisor and its officers, directors, employees, agents and representatives and each of their respective heirs, executors, administrators, successors and assigns, against any loss, claim, injury, liability, property damage or expense whatsoever, from fire, personal injury, theft, property damage or otherwise, as well as any negligence, errors and omissions or professional liability or other such obligations arising out of, occurring upon or in connection with the operation of the Franchised Business, whether such activity is within or outside the Franchised Business or the Protected Territory. Included in such indemnity are the costs and expenses including reasonable legal fees incurred or paid by Franchisor in respect to the foregoing.

ARTICLE 14 TERMINATION

14.1 Events of Termination

Notwithstanding anything otherwise contained in this Agreement, Franchisor shall have the right to terminate this Agreement and the rights and sublicenses granted to the Franchisee forthwith upon the happening of any one or more of the following events:

- (a) If you do not open your Perfect Skating Franchised Business within three (3) months of the Effective Date of this Agreement.
- (b) if default is made in the due and punctual payment of any amount payable under this Agreement when and as it shall be due and payable;
- (c) if the Franchisee breaches any other term or condition of this Agreement and such breach shall continue for a period of five (5) days after written notice thereof has been given to the Franchisee;
- (d) if the Franchisee fails to observe or perform any of the rules, bulletins, directives, or other notices set forth in the Manual and any such failure to observe or perform same shall continue for a period of five (5) days after written notice thereof has been given to the Franchisee;
- (e) if Franchisee operates the Franchised Business in a dishonest, illegal, unsafe, unsanitary, or unethical manner, or engages in any conduct related to the Franchised Business that in Franchisor's reasonable opinion materially and adversely affects or may affect the reputation, identification or image of Franchise System or the Marks;
- (f) if the Franchisee ceases or threatens to cease to carry on the Franchised Business or takes or threatens to take any action to liquidate its assets or stops making payments in the usual course of the Franchised Business;

- (g) if the Franchisee or Principal makes or purports to make a general assignment for the benefit of creditors;
- (h) if either the Franchisee or the Principal makes or purports to make a bulk sale of assets without the consent of Franchisor;
- (i) if either the Franchisee or Principal institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy or any proceeding under any such statute or otherwise is instituted against the Franchisee or Principal;
- (j) if a custodian, receiver, manager, or other person with like powers shall be appointed to take charge of all or any part of the Franchisee's or Principal's undertaking, business, property, or assets;
- (k) if any lessor, encumbrancer, or any other person lawfully entitled shall take possession of any of the undertaking, business, property or assets of the Franchisee or Principal;
- (l) if either the Franchisee or Principal commit or suffers any default under any contract of conditional sale, mortgage, or other security instrument;
- (m) if any corporate step or proceeding is taken to enable the Franchisee or Principal to wind up or liquidate or dissolve or amalgamate, or if the Franchisee or Principal shall lose its charter by expiration, forfeiture or otherwise, or if any proceedings are undertaken with respect to the Franchisee or Principal under the *Companies' Creditors Arrangement Act* (Canada);
- (n) if a distress or execution against any of the undertaking, business, property, or assets of either the Franchisee or the Principal are not discharged, varied or stayed to the satisfaction of Franchisor within ten (10) days after entry thereof, or within such time period as action must be taken in order to discharge, vary or stay the distress or execution to the satisfaction of Franchisor, whichever is earlier;
- (o) if a final judgment for the payment of money in any amount in excess of Five Thousand Dollars (\$5,000) shall be rendered by any Court of competent jurisdiction against the Franchisee or the Principal and such judgment is not discharged, varied or executed or stayed to the satisfaction of Franchisor within ten (10) days after entry thereof or within such other time period as action must be taken in order to discharge, vary or stay execution of the judgment to the satisfaction of Franchisor, whichever is earlier;
- (p) if the Franchisee or any representative thereof falsifies any report required to be furnished to Franchisor hereunder;
- (q) if Franchisee, or any partner, shareholder, director, or officer of the Franchisee is convicted of any indictable criminal offence, or any crime involving moral turpitude, or shall be found liable for or guilty of fraud, fraudulent conversion, embezzlement, or any comparable action in any civil or criminal action or proceeding pertaining or relevant in Franchisor's opinion to the Franchised Business;
- (r) if Franchisee is convicted of misleading advertising or any other sales-related statutory offence pertaining to the Franchised Business, or is enjoined from or ordered to cease

operating the Franchised Business or any material part thereof by reason of dishonest, illegal, unsafe, unsanitary, or unethical conduct;

- (s) if Franchisee has its business license or any other license, permit or registration pertaining to the Franchised Business suspended for just cause or cancelled and not reinstated or re-issued within ten (10) business days;
- (t) subject to the provisions of Section 16.6, if the Franchisee or Principal dies or otherwise becomes permanently disabled; or
- (u) if any agreement between the Franchisor, the Franchisee, the Principal, or any person not dealing at arm's length with the Franchisee is terminated for any reason.

14.2 Franchisor's Right to Cure Breaches

Franchisor may take whatever steps it deems commercially reasonable in the circumstances to cure any default or breach of Franchisee hereunder or under any related instrument or agreement between Franchisor and Franchisee, for the account of and on behalf of Franchisee, and Franchisor's costs and expenses of so doing shall be deemed additional sums due to Franchisor hereunder and shall be paid by Franchisee to Franchisor immediately upon demand provided that such costs and expenses are commercially reasonable in the circumstances, having regard to the reputation of the Franchisor and the Marks.

14.3 Failure to Act

The failure of Franchisor to exercise any rights or remedies to which it is entitled upon the happening of any of the events referred to in Section 14.1 shall not be deemed to be a waiver of or otherwise affect, impair or prevent Franchisor from exercising the rights and remedies to which it may be entitled arising either from the happening of such event or as a result of the subsequent happening of the same or any other event or events provided for in Section 14.1. The acceptance by Franchisor of any amount payable by or for the account of Franchisee under this Agreement after the happening of any such event shall not be deemed to be a waiver of any rights and remedies to which Franchisor may be entitled regardless of Franchisor's knowledge of the happening of such preceding event at the time of such acceptance. No waiver of the happening of any event shall be deemed to be effective, unless such waiver is in writing signed by Franchisor.

ARTICLE 15 EFFECT OF TERMINATION

15.1 Payment of Amounts Due

The Franchisee agrees to pay within ten (10) days of the effective date of termination or expiration of this Agreement all amounts owed to Franchisor, its affiliates and the Franchisee's trade and other creditors which are then unpaid. All periodic payments to Franchisor or its affiliates shall be deemed to accrue daily and shall be adjusted accordingly and shall include interest at the rate described in Section 5.9.

15.2 Telephone Numbers and Listings; Discontinue Use of Marks

The Franchisee agrees that upon termination or expiration of this Agreement, it shall take such action within five (5) days as may be required to cancel all registrations relating to its use of any of the Marks. The Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of its right to use any telephone number, including any mobile telephone number, and any classified or other

telephone directory listings associated with the Marks and shall authorize the transfer of same to Franchisor or any new franchisee as may be directed by Franchisor. You further agree to provide Franchisor with all passwords and login credentials to any software system, web-based technology service platform, social media account, profile, website, or any other online presence which makes or has made use of the Marks within one (1) day of the termination or expiration of this Agreement. The Franchisee agrees to execute any documents required to accomplish such transfer. The Franchisee acknowledges as between itself and Franchisor, the Franchisor has the sole rights to, and interest in, all telephone numbers and directory listings associated with the Marks. The Franchisee hereby appoints Franchisor as its attorney to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. In addition, the Franchisee shall:

- (a) immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings and service, the Manual, and all materials and services or products of any kind which are identified or associated with the Franchise System and return all these materials to Franchisor;
- (b) deliver up to Franchisor the Manual and all other forms, procedures, documents, or information provided to the Franchisee pursuant to this Agreement;
- (c) make no representation nor state that the Franchisee or Principal is in any way approved, endorsed, or franchised by Franchisor or associated or identified with Franchisor or the Franchise System in any manner;
- (d) immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System; and
- (e) comply with the provisions of Article 15.

15.3 Right of Entry

If the Franchisee has not complied in full with the requirements in Section 15.1 within five (5) days following termination, Franchisor, its agents or employees, without being guilty or liable for any trespass, tort or any other charge, claim or demand whatsoever, and without prejudice to any other rights or remedies which it may have, may enter any place of business utilized by the Franchisee and remove material requiring removal and terminate all advertising Programs or telephone listings as above, all at the sole risk and expense of the Franchisee.

15.4 Termination of Business or Trade Name

If, within fifteen (15) days after termination, the Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or any other registration or filing containing the Marks, it hereby irrevocably appoints Franchisor as its attorney, and in its name, place and stead and on its behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the Franchised Business.

15.5 Right to Purchase

On termination, Franchisor shall have the right (but not the obligation), to be exercised by notice in writing given within five (5) days of the date of termination, to purchase from Franchisee all or any portion of the

Goods and Services and all or any part of the equipment, furniture or other assets used in the Franchised Business. The purchase price shall be determined as follows:

- (a) with respect to the Goods and Services, Franchisor shall pay an amount equal to original cost thereof to the Franchisee. Nothing herein contained shall require Franchisor to purchase Goods and Services and which, in its opinion, it deems to be obsolete, shopworn, damaged, or otherwise not saleable;
- (b) in respect of items of equipment, furniture and other like assets, Franchisor shall pay an amount equal to the book value of each such item. In no event shall any amount be payable hereunder for goodwill and Franchisor shall not be under any obligation to purchase accounts receivable.

The effective date of any purchase and sale shall be deemed to be the date upon which Franchisor delivers notice exercising its right to purchase. The determination of purchase monies payable by Franchisor shall be completed within thirty (30) days thereafter (the “**Settlement Date**”) at which date Franchisor shall deliver to the Franchisee a statement setting forth the basis on which the purchase price has been calculated in reasonable detail, which statement shall be binding upon all parties. Franchisor shall be entitled to take possession of the Goods and assets described above forthwith upon delivery of the notice of exercise of its purchase option aforesaid. Without in any way limiting any rights or remedies to which Franchisor or Franchisee may otherwise be entitled, Franchisor shall also deliver to Franchisee a statement setting forth an accounting between Franchisor and Franchisee of any monies due and owing each to the other after the date of termination of this Agreement, either under this Agreement or pursuant to any other agreement or instrument entered into in consequence of this Agreement. The parties shall forthwith settle their accounts as indicated in such statement. The Franchisee shall, upon request by Franchisor, execute and deliver promptly to Franchisor such bills of sale, conveyances, assignments, assurances, and other instruments as Franchisor may reasonably request in order to vest in it good and marketable title to such products, Goods, fixtures, equipment, furniture and assets, free and clear of all liens, encumbrances, demands or claims whatsoever. For the purposes of this Agreement, “**book value**” means the value of an asset as it appears on the balance sheet of the Franchisee equal to cost minus depreciation.

15.6 Franchisor's Remedies

Termination of this Agreement shall not affect, modify, or discharge any claims, rights, causes of action, or remedies which Franchisor may have against the Franchisee, whether such claims or rights arise before or after termination.

15.7 Additional Remedies

The Franchisee expressly consents and agrees that, in addition to any other remedies Franchisor may have under this Agreement, at law, and in equity, Franchisor may obtain an injunction and/or appointment of a receiver which term includes a receiver and manager of the Franchised Business to terminate or prevent the continuation of any existing default, or to prevent the occurrence of any threatened default by the Franchisee of this Agreement.

15.8 Costs

Without in any way limiting the generality of any other provisions of this Agreement, Franchisor shall be entitled to recover from Franchisee its reasonable costs in preparing any statements to be prepared pursuant hereto and its legal and out-of-pocket costs incurred in respect of the termination of this Agreement, including expenses and disbursements.

15.9 Survival

Notwithstanding the termination of this Agreement for any reason whatsoever, all covenants and agreements to be performed or observed by the Franchisee or Principal under this Agreement that by their nature are intended to have ongoing effect shall survive, including, without limitation, those contained in Articles 7, 8, 9, 12, 13, 15, 16, 17, 19 and 20.

ARTICLE 16 ASSIGNMENT

16.1 Assignment by Franchisor

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

16.2 Assignment by Franchisee

The Franchisee understands and acknowledges that the rights and duties set out in this Agreement are personal to the Franchisee, and that the Franchisor has entered into this Agreement in reliance on the business skill and financial capacity of the Franchisee and of its shareholders. Accordingly, neither the Franchisee nor any individual, partnership, corporation or other legal entity which directly or indirectly controls the Franchisee, will sell, assign, transfer, convey, give away, pledge, mortgage, hypothecate or otherwise encumber any legal or beneficial interest in the Franchisee, in this Agreement, in the Franchised Business or any of the assets employed by or in connection with the Franchised Business (each of which being included in the word “**transfer**” for the purposes of this Article 16) in whole or in part in any manner whatsoever, without the prior written consent of Franchisor, which consent may not be unreasonably or arbitrarily withheld. Any actual or purported transfer, whether occurring by operation of law or otherwise, without prior written consent, shall be a material default of this Agreement, giving Franchisor the immediate right to terminate this Agreement, and shall be null and void. In considering a request for transfer, Franchisor will consider, among other things, the qualifications, apparent ability, credit standing, experience in the industry and related matters as they pertain to the proposed transferee. In addition, Franchisor shall be entitled to require, as a condition precedent to any granting of consent, that:

- (a) there shall be no existing default in the performance or observation of any of the Franchisee’s obligations under this Agreement or any other agreement with Franchisor or any Affiliate or supplier thereof;
- (b) the Franchisee shall have settled all outstanding accounts with Franchisor, its Affiliates, and all creditors of the Franchised Business;
- (c) Franchisor and Franchisee shall have executed a release, in a form acceptable to both parties, of any and all claims against one another and their respective officers, directors, agents and employees, except in respect of those claims and causes of action which cannot be released at law;
- (d) Franchisor and Franchisee shall have executed a mutual specific release, in the form acceptable to both parties, of any and all claims against one another and their respective officers, directors, agents and employees with respect to any breach of contract, misrepresentation or any action that does not involve a statutory remedy that is available

pursuant to franchise legislation (if any), as applicable, of the jurisdiction to which this Agreement applies;

- (e) the proposed transferee shall enter into a written assignment in form and terms prescribed by Franchisor assuming and agreeing to discharge all of the Franchisee's obligations under this Agreement or, at the option of Franchisor, shall execute a new franchise agreement for the unexpired portion of the Initial Term or any renewal term hereunder in the form then being used by Franchisor, which shall not, however, during the remainder of such term, provide for payment of an initial franchise fee nor for a higher royalty than is provided during such term, and shall have executed such other documents and other agreements as are then customarily used by Franchisor in the granting of franchises;
- (f) if required by Franchisor, the proposed transferee shall have satisfactorily completed Franchisor's training program then in effect;
- (g) a transfer fee of the greater of: (i) Ten Thousand Dollars (\$10,000); or (ii) fifty percent (50%) of the Franchisor's then current initial franchise fee for the Protected Territory (or a comparable territory) shall be paid by Franchisee to Franchisor;
- (h) unless expressly approved by Franchisor in writing, the transfer of the Franchised Business shall be effected in compliance with the requirement of all applicable bulk sales legislation;
- (i) Franchisee shall assign to the assignee the rights to all telephone numbers, directory listings, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags associated with Franchisor and the Marks and the Franchised Business;
- (j) Franchisee shall deliver to the assignee the Manual, all custom computer software, and all other materials of a confidential or proprietary nature relating to Franchise System or bearing the Marks;
- (k) The assignee shall not use in its corporate or firm name or Internet domain name the Marks or any derivative thereof or any words confusingly similar thereto or colorably imitative thereof or any other words comprising any of the distinctive elements of any of the Marks; and
- (l) Franchisor reserves the right to require that Franchisee or the assignee carry out such reasonable changes and improvements to the equipment and other assets used in the Franchised Business as Franchisor shall specify in order to bring the Franchised Business into compliance with Franchisor's then-current image, standards and specifications for ongoing franchises and to comply with Franchisee's continuing obligations hereunder, and Franchisor reserves the right to charge its reasonable costs and expenses incurred in connection therewith.

16.3 Transfer to a Corporation

If Franchisee is an individual, Franchisee may assign and transfer this Agreement to a limited liability company, partnership, corporation or similar entity without requiring the prior written consent of Franchisor, provided that Franchisee will beneficially own and control the voting and equity interests in such corporation, and that Franchisee shall notify Franchisor in writing of the details of such assignment and transfer immediately upon its occurrence, including delivering to Franchisor a completed SCHEDULE

“D” to this Agreement. Franchisee shall not be released of any claims or from the ongoing covenants and obligations of Franchisee under and pursuant to this Agreement as a result of any such assignment and transfer.

16.4 Shareholders, Directors, Officers

If Franchisee is a corporation, partnership or other entity, the shareholders, directors, members, owners, and officers of the Franchisee shall at all times be the persons identified in SCHEDULE “D” to this Agreement. If the shareholders of the Franchisee include a corporation, partnership or other entity, the shareholders, directors, and officers of such entity shall at all times be the persons identified in SCHEDULE “D” to this Agreement.

16.5 Transfer of Shares of Corporate Franchisee

If Franchisee is a corporation, partnership or other entity, a transfer, reacquisition, cancellation, alteration or issuance of shares, or partnership or other interests, or any other transaction or series of transactions involving the same shall constitute a transfer for the purposes of this Agreement.

16.6 Death or Incapacity of Franchisee

In the event of the death or permanent incapacity or disability of the Principal then the Principal or the Principal’s estate (as applicable) shall have the right to transfer this Agreement within one hundred twenty (120) days subject to provisions of Section 16.2 and the remaining provisions of this Article. If this Agreement is not transferred within such one hundred twenty (120) days, the Franchisor shall appoint a full-time General Manager for the Franchised Business. The Franchisee, the Principal, and/or the Principal’s estate hereby consent to the Franchisor’s right to make such appointment and hereby agree to pay all expenses related to such appointment including without limitation the full-time General Manager’s salary and reasonable expenses. For the purposes of this Agreement, “**permanent incapacity or disability**” shall mean the inability to attend to the day-to-day business operations of the Franchised Business for a material part of the normal working day for a period of three (3) months or more as determined by the Franchisor, acting reasonably. In the event of any such death or permanent incapacity or disability, Franchisor shall provide whatever assistance it reasonably can to the Principal or the Principal’s estate or heirs to find a suitable buyer for the Franchised Business.

16.7 Effect of Seizure or Insolvency

In the event of the termination of this Agreement for any reason, no assignee for the benefit of creditors, receiver, receiver-manager, trustee in bankruptcy, liquidator, sheriff, bailiff, or other officer of the Court or official charged with taking over custody of Franchisee’s assets or business shall have any right to assume and continue to perform under this Agreement.

16.8 Option to Purchase

Without in any way derogating from Franchisor’s right to reject a proposed transfer pursuant to the Section 16.2, if at any time or times during the Initial Term or any renewal term hereunder the Franchisee obtains a bona fide offer (the “**Offer**”) to acquire the whole or any part of his interest in the Franchised Business, which the Franchisee wishes to accept, the Franchisee shall promptly give notice thereof to Franchisor together with a true copy of the Offer. Upon receipt of such Offer and notice, Franchisor shall have the option of purchasing the property forming the subject matter thereof upon the same terms and conditions except:

- (a) there shall be deducted from the purchase price the amount of any commission or fee that would otherwise have been payable to any broker, agent, or other intermediary in connection with the sale of such property; and
- (b) Franchisor shall have the right to substitute cash for any other form of consideration specified in the Offer and shall have the further right to pay in full the entire purchase price at the time of closing.

Franchisor may exercise its option at any time within thirty (30) days after receipt of such notice and Offer by giving notice to that effect to the Franchisee. If Franchisor declines to exercise such option and if such transfer is otherwise approved by Franchisor, the Franchisee shall be at liberty to complete the transfer to such third party in accordance with the Offer, provided that notwithstanding the terms of the Offer such transaction must be completed within thirty (30) days of the date on which Franchisor notifies the Franchisee of its approval. If the transaction is not completed within such period, the foregoing provisions of this Section shall apply again in respect to the proposed transfer and so on from time to time.

ARTICLE 17 SECURITY

17.1 Security to Franchisor

To secure payment and performance of any and all obligations from time to time owing by Franchisee to Franchisor or any affiliate, including payment of any amount owing by Franchisee to Franchisor or any Affiliate in respect of Royalty Fees, Advertising Fees, Technology Fees or the purchase of goods, the Principal will also be required to provide concurrently with the execution of this Agreement a guarantee in the form set forth under Schedule "C" of this Agreement.

17.2 Security to Others

The Franchisee shall not mortgage, charge, pledge or grant a security interest in or in any other way encumber in whole or in part (a) the rights of the Franchisee arising from this Agreement or any other agreement, lease or undertaking relating to the right and license granted herein; (b) any interest of the Franchisee in the property and assets used in connection with the Franchised Business, or (c) the shares of the Franchisee, without obtaining the prior written consent of Franchisor in each case.

ARTICLE 18 ACKNOWLEDGMENTS

18.1 Independent Investigation

The Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of the Franchisee and Principal as an independent businessperson. If Franchisor has provided financial projections or pro forma financial statements, the Franchisee and Principal acknowledge that Franchisor has made no representations or warranties with respect to the accuracy or applicability of such projections or statements or anything therein contained. Franchisor expressly disclaims the making of, and Franchisee and Principal acknowledge that it has not received any representation, warranty, or guarantee, expressed or implied, as to the potential revenue, profits or success of the business venture contemplated by this Agreement.

18.2 Independent Advice

The Franchisee and Principal acknowledge that they have received, have had time to read and have read this Agreement, and fully understand its provisions and the implications thereof. The Franchisee and Principal further acknowledges that they have had an adequate opportunity to be advised by advisors of his or her own choosing regarding all pertinent aspects of this franchise and the franchise relationship created herein.

18.3 Legal Relationship

Each of the parties acknowledges and agrees that each is an independent contractor, that no party shall be considered to be the agent, representative, master, or servant of any other party for any purpose whatsoever and that no party has any authority to enter into a contract, assume any obligation, or to give any warranties or representations on behalf of any other party hereto. Nothing in this Agreement shall be construed to create a relationship of partners, joint venturers, fiduciaries, or any other similar relationship between Franchisor on the one hand and the Franchisee or Principal on the other.

ARTICLE 19 RESTRICTIVE COVENANTS

19.1 Secrecy

The Franchisee and Principal acknowledge that in connection with the operation of the Franchised Business Franchisor will be disclosing certain confidential information and trade secrets in respect of Franchise System, including certain of the contents of the Manual. The Franchisee and Principal agree that it will not, either directly or indirectly, use or divulge any such trade secrets or confidential information other than solely for the purpose of conducting the Franchised Business in accordance with the provisions of this Agreement, but may divulge such trade secrets and confidential information to employees, in circumstances of confidence and on a “need-to-know” basis. The Franchisee and Principal agree to use its best efforts to maintain the confidentiality of such information and trade secrets. The Franchisee agrees to use its best efforts to obtain from its employees, upon request by Franchisor, written covenants to maintain such confidentiality.

19.2 Not to Compete during the Terms of this Agreement

The Franchisee and Principal shall not during the Initial Term nor any renewal term hereunder, directly or indirectly, including without limitation individually or in partnership or jointly or in conjunction with any person, as Principal, agent, shareholder or in any other manner whatsoever carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit his name or any part thereof to be used or employed by any person engaged in or concerned with or interested in any business competitive with or similar to the Franchised Business as carried on from time to time during the Initial Term or any renewal thereof.

19.3 Not to Compete following Termination of the Agreement

The Franchisee and the Principal acknowledge that the Marks, Franchise System and the business reputation and goodwill associated therewith are of considerable value. Therefore, in the event of termination of this Agreement for any reason whatsoever the Franchisee and Principal shall not, without the prior written consent of Franchisor, at any time during the period of two (2) years from the date of such termination with a radius of two hundred (200) kilometres of the boundaries of the Protected Territory directly or indirectly, including, without limitation, individually or in partnership or jointly or in conjunction with any person as

Principal, agent, shareholder or in any other manner whatsoever carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit his name or any part thereof to be used or employed by any person interested in the development, operation, franchising or management of any hockey player development business.

19.4 Interference with Employment Relations of Others

During the Initial Term and any renewal term and for a period of two (2) years thereafter, the Franchisee nor any officer, director or shareholder of the Franchisee including the Principal shall:

- (a) attempt to obtain any unfair advantage over any other franchisee, Franchisor, or any Affiliate thereof by soliciting for employment any person who is, at the time of such solicitation, employed by such other franchisee, Franchisor, or such Affiliate, nor shall they directly or indirectly induce any such person to leave his employment; or
- (b) divert or attempt to divert any business of, or any customers of, the Franchised Business to any other competitive establishment, by direct or indirect inducement or otherwise.

19.5 Waiver of Defences

The Franchisee and Principal agree that the restrictions contained in this Article are reasonable in order to protect the legitimate business interests of Franchisor and all defences to the strict enforcement of such restrictions by Franchisor and Principal are waived.

enter into an agreement not to compete

ARTICLE 20 GENERAL

20.1 Notices

All notices, consents, approvals, statements, authorizations, documents, or other communications required or permitted to be given hereunder shall be in writing and shall be delivered personally or mailed by registered mail, postage prepaid, or sent by fax or delivered by courier to the said parties at their addresses set forth hereunder, namely:

- (a) to Franchisor at:

2451 Riverside Drive
Ottawa, ON K1H 7X7
Attention: Shawn Allard

- (b) to the Franchisee or Principal at:

●
Attention: ●

Any party may at any time change its address to which such documentation is to be given by notice in writing given to the other parties as provided herein. All notices given as aforesaid shall, if mailed, be deemed to have been given on the third business day following such mailing or, if personally delivered, shall be deemed to have been given on the date delivered or, if faxed, shall be deemed to be given on the business day of transmittal and, if that is not a business day, on the following business day.

20.2 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

20.3 Time

Time shall be of the essence of this Agreement.

20.4 Lawful Attorney

If the Franchisee does not execute and deliver any documents or instruments that it is required to execute and deliver within the time period so specified, the Franchisee does hereby irrevocably appoint the Secretary of Franchisor as Franchisee's lawful attorney, with full power and authority to execute and deliver in its name any such document or instrument and do all such things as may be required from time to time to comply with the provisions pursuant to which the attorney by way of power of attorney is being utilized and the Franchisee hereby agrees to ratify and confirm all such acts of the Secretary as its lawful attorney and to indemnify and save Franchisor and the Secretary harmless from all claims, losses or damages in so doing.

20.5 Cumulative Default

If the Franchisee acquires the right and license to operate another Franchised Business using the Franchise System and Marks, any default by the Franchisee in the performance or observation of any of the terms or conditions under any one agreement governing the aforesaid right and license shall be deemed to be an event of default under all other agreements pursuant to which the Franchisee operates such Franchised Business.

20.6 Injunctive Relief

Franchisor may bring action for injunctive relief in order to compel Franchisee to comply with its obligations under this Agreement so as to preserve and protect the Franchise System and the Marks and other proprietary rights under this Agreement and to maintain the uniformity and integrity of the Franchise System as called for under this Agreement. Where such elements are involved, Franchisee agrees that the balance of convenience between the parties in any such action rests with Franchisor, who in obtaining any such injunctive relief shall not be required to post any bond or other security. Franchisor may obtain such injunctive relief, and Franchisee hereby waives, to the extent permitted by law, the right to interpose the defence that Franchisor has an adequate alternate remedy at law.

20.7 Set-Off by Franchisor

Notwithstanding anything contained in this Agreement, upon the failure of the Franchisee to pay to the Franchisor as and when due, any amounts of money provided for herein, the Franchisor shall have the right at its election, to deduct any and all such amounts remaining unpaid from any monies or credits held by the Franchisor for the account of the Franchisee.

20.8 Further Assurances

Each of the parties hereto hereby covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

20.9 Rights of The Franchisor Are Cumulative

The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is otherwise entitled by law to enforce.

20.10 Force Majeure

In the event that any party hereto is delayed or hindered in the performance of any act required herein by reason of strike, lock-outs, labour troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reasons of a like nature not the fault of such party, then performance of such act shall be excused for the period of the delay and the period for performance of any such act shall be extended for a period equivalent to the period of such delay, up to a maximum of three (3) months. The provisions of this Section 20.10 shall not operate to excuse the Franchisee from the prompt payment of any fee or other payment due the Franchisor pursuant to the provisions of this Agreement.

20.11 Taxes

The Franchisee is solely responsible for payment of any taxes resulting from the franchise granted herein and any and all payments by the Franchisee to the Franchisor hereunder, exclusive of taxes based upon the Franchisor's income. Without limitation, the Franchisee shall pay all goods and services tax or other similar sales tax concerning its payments made hereunder. The Franchisor reserves the right to have the Franchisee pay any such taxes as they fall due to the Franchisor for remittance to the appropriate authority. The Franchisee agrees to hold harmless the Franchisor from any claims or liability arising from the Franchisee's failure to report or pay taxes.

20.12 No Liability

The Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage resulting from, occasioned to, or suffered by any person or persons or to any property because of any products sold or services provided by it to the Franchisee.

20.13 Joint and Several

If two or more individuals, corporations, partnerships, or other entities (or any combination of two or more thereof) shall sign or be subject to the terms and conditions of this Agreement, the liability of each of them under this Agreement shall be deemed to be joint and several.

20.14 Franchisee May Not Withhold Payments Due To The Franchisor

The Franchisee agrees that he will not, on grounds of the alleged non-performance by the Franchisor of its obligations hereunder, withhold payment of any Royalty Fee or other amounts due to the Franchisor or its Affiliates, whether on account of goods purchased by the Franchisee or otherwise.

20.15 Customer Survey; Customer List

Upon the reasonable request of Franchisor, Franchisee shall present to customers such evaluation forms as are periodically prescribed by Franchisor and shall participate or request Franchisee's customers to participate in any customer feedback surveys performed by or on behalf of Franchisor. Franchisee shall also maintain a current customer list (the "**Customer List**") containing as to each and every customer (to the extent permitted by and in accordance with Applicable Privacy Laws) such customer's name, address, telephone number, postal code and e-mail address and any other Personal Information relating to customers as may be collected by the Franchisee in connection with the acquisition, establishment, transfer or operation of the Franchised Business. Franchisee agrees that such Customer List shall remain confidential and that Franchisee shall abide by Applicable Privacy Laws in respect of the collection, use and disclosure of information in such Customer List. Franchisee acknowledges and agrees that it retains custody and control of the Customer List solely for the purposes of operating the Franchised Business. Upon termination or expiration of this Franchise Agreement for any reason, the Customer List shall become the sole property of the Franchisor and shall be delivered to Franchisor within five (5) business days. Franchisee shall ensure that it has obtained all necessary consents from, and provided all required notices to, its customers to allow for the delivery of the Customer List to the Franchisor upon termination or expiration of this Franchise Agreement in accordance with Applicable Privacy Laws.

20.16 Cross Default

For the purposes of this Section, "Franchisee" shall include Franchisee, and any parent, subsidiary, or affiliate of Franchisee; and "Franchisor" shall include any parent, subsidiary, or affiliate of Franchisor.

- (a) Any default by Franchisee under this Agreement may be regarded as a default under any other agreement between Franchisor and Franchisee. Any default by Franchisee under any other agreement between Franchisor and Franchisee may be regarded as a default under this Agreement.
- (b) In each of the foregoing cases, Franchisor will have all remedies allowed at law, including termination of Franchisee's rights and Franchisor's obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and remedies available.

20.17 Language

The parties have requested that this Agreement and all related documents be drafted in the English language. Les parties confirment qu'il est de leur volonté expresse et réciproque que ce contrat et tous documents qui s'y rattachent soient rédigés en langue anglaise.

20.18 Currency

Unless otherwise specified, the word "dollar" and the "\$" sign refer to United States Dollars, and all amounts to be advanced, paid, tendered, or calculated under this Agreement are to be advanced, paid, tendered, or calculated in United States Dollars. All amounts payable under this Agreement must be

converted at a rate equivalent to the spot currency offer rate quoted by bloomberg.com as of 5:00 p.m. Eastern Standard Time on the business day immediately preceding the date payment is provided. However, if a payment is transmitted after the date payment is due, the currency exchange rate used must be the rate as of the date payment was due or the rate as of the date the payment is provided, whichever rate produces the larger amount in the currency of payment.

20.19 Disclosure

Franchisee acknowledges that its contact information, including its name, business, home and/or mailing address, and business/home telephone number, may be included in Franchisor's Franchise Disclosure Document during the term of this Agreement and following its termination, transfer, or expiration and consents to such use of such information. Franchisor will issue its Franchise Disclosure Document to prospective franchisees and other individuals as may be required by applicable state franchise legislation, or otherwise for informational purposes, and that the inclusion of Franchisee's contact information may result in prospective franchisees contacting Franchisee.

20.20 Legal Fees

In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable legal fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF the parties hereof have executed this Agreement as of the day and year first above written.

PERFECT SKATING FRANCHISING US INC.

Per: _____

Name: Shawn Allard

Title: President

I have authority to bind the Corporation

Per: _____

Name: Andrea Allard

Title: Treasurer

I have authority to bind the Corporation

SIGNED, SEALED AND DELIVERED

in the presence of:

)
)
)
)
)

Witness)

[●]

IN WITNESS WHEREOF the parties hereof have executed this Agreement as of the day and year first above written.

FRANCHISEE

Per: _____

Name: _____

Title: _____

Date: _____

SIGNED, SEALED AND DELIVERED)
in the presence of:

Witness

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)

[●]

SCHEDULE "A" – INITIAL FRANCHISE FEES, TERRITORY, AND PERFORMANCE CRITERIA

INITIAL FRANCHISE FEE: _____

TERRITORY: See attached map

PERFORMANCE CRITERIA:

Minimum Gross Revenues. The Franchisee must generate at the Franchised Business, as a minimum, the annual levels of performance as set out below:

(i) \$50,000 dollars of Gross Revenues in the first twelve (12) month period following the opening date of your Franchised Business;

(ii) \$100,000 dollars of Gross Revenues in the second twelve (12) month period following the opening date of your Franchised Business;

(iii) \$150,000 dollars of Gross Revenues in the third twelve (12) month period following the opening date of your Franchised Business;

(iv) \$200,000 dollars of Gross Revenues in the fourth twelve (12) month period following the opening date of your Franchised Business; and

(v) \$250,000 dollars of Gross Revenues in each twelve (12) month period thereafter (including such periods during any renewal term) plus a compound annual increase in Gross Sales of ten (10%) percent per twelve (12) month period, or a lower compound annual increase determined by us in our discretion for any renewal term.

In the event of a Force Majeure event in accordance Section 20.10 of the Franchise Agreement, the foregoing minimum performance levels will be adjusted to reflect the number of days (out of 365 days in each 12 month period) affected by the Force Majeure event.

TERRITORY MAP

SCHEDULE “B” – MARKS

UNITED STATES MARKS

Trademark	Serial No.	Status	Goods/Services	Current Owner
PERFECT SKATING	97290041	Pending	Clothing, namely, shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps	Perfect Skating, Inc.
 PERFECT SKATING	97290034	Pending	Hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs Clothing, namely, shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps Hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs	Perfect Skating, Inc.

CANADIAN MARKS

Trademark	Country Application/ Registration Information	Status	Goods/Services	Current Owner
	Canada Registration No.: TMA1041208 Registration Date: July 15, 2019	Registered	GOODS: clothing; shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps. SERVICES: hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs.	Perfect Skating Inc.
TURNING POWER T PERFECT	Canada Registration No.: TMA1021792 Registration Date: May 16, 2019	Registered	GOODS: clothing; shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps. SERVICES: hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs.	Perfect Skating Inc.

Trademark	Country Application/ Registration Information	Status	Goods/Services	Current Owner
	Canada Registration No.: TMA1041207 Registration Date: July 15, 2019	Registered	GOODS: clothing; shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps. SERVICES: hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs.	Perfect Skating Inc.
	Canada Registration No.: TMA1041227 Registration Date: July 15, 2019	Registered	GOODS: clothing; shirts, t-shirts, long sleeve t-shirts, shorts, sweatshirts, sweatpants, jackets, gloves, sports jerseys, scarves, hats, and caps. SERVICES: hockey instruction services; educational and instructional services in the field of hockey and ice skating; educational and instructional services in the field of hockey skill development; hockey coaching services; providing group hockey lessons, hockey clinics, hockey mentoring, hockey consultation services; consulting services in the field of personal fitness; fitness evaluation and consultation services; operation of hockey camps; providing strength training and physical conditioning programs.	Perfect Skating Inc.

SCHEDULE "C" – PERSONAL GUARANTEE

_____ (“Guarantor”) whose address is _____, as a material inducement to and in consideration for PERFECT SKATING FRANCHISING US INC. (“Franchisor”) entering into a Franchise Agreement (the “Franchise Agreement”) dated _____, unconditionally guarantees and promises to and for the benefit of Franchisor that Franchisee shall perform faithfully and completely all of the provisions, obligations and duties that Franchisee has agreed to perform under the Franchise Agreement, any lease entered into pursuant to the Franchise Agreement and/or any other obligations undertaken or to be undertaken by Franchisee in favour of Franchisor or Franchisor’s parent, subsidiary, or affiliated corporation, corporations, individuals or other entities.

If Guarantor is more than one (1) person, Guarantor’s obligations are joint and several. Guarantor’s obligations are also independent of Franchisee’s obligations. A separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against Franchisee, or any or all of them, or whether any other Guarantor or Franchisee is or are joined in the action.

The provisions of the Franchise Agreement or other obligation involving Franchisee may be changed between Franchisor or other concerned party or entity and Franchisee at any time and in any manner, either by written or oral agreement, by operation of law, by course of conduct, or otherwise, without the consent of or notice to Guarantor. This Guarantee shall continue to guarantee the performance of Franchisee under the Franchise Agreement and/or other obligation as so modified without further agreement or act of Guarantor being required.

Assignment by Franchisee or by Franchisor of the Franchise Agreement or other obligation as permitted in the Franchise Agreement or other obligation shall not affect this Guarantee and the obligations of Guarantor hereunder shall carry over to the transferee of either party to the Franchise Agreement or other obligation.

This Guarantee shall not be affected nor the obligations of Guarantor hereunder limited in any way by Franchisor’s delay in enforcement or failure to enforce any of its rights under the Franchise Agreement, other guaranteed obligation, or under this Guarantee.

If Franchisee commits a breach of the Franchise Agreement, or other guaranteed obligation, Franchisor can proceed immediately against Guarantor or Franchisee, or both, or Franchisor can enforce against Guarantor or Franchisee, or both, any rights which it has under the Franchise Agreement, other obligation, or pursuant to applicable law, or both. If the Franchise Agreement or other obligation terminates, Franchisor can enforce any rights it has following such termination against Guarantor, Franchisee, or both, without giving prior notice to Guarantor, Franchisee, or either, and/or without making demand on Guarantor, Franchisee, or either.

Guarantor waives the right to require Franchisor to proceed against Franchisee before proceeding against Guarantor, to proceed against or exhaust any security that Franchisor holds from Franchisee, Guarantor, or any other source, and/or to pursue any other remedy available to Franchisor prior to proceeding against Guarantor, Franchisee, or either. Guarantor further waives any defence available to Guarantor, Franchisee, or either, by reason of any disability of Franchisee, and further waives any other defence based on the termination or limitation of Franchisee’s liability by reason of any cause, event, term, or condition, including any defence or limitation available by operation of law.

Until all of Franchisee's obligations to Franchisor have been satisfied and discharged in full, Guarantor waives any right of subrogation against Franchisee. Guarantor waives any right it may have to enforce any remedies that Franchisor may now have against Franchisee or may have at a later time. Guarantor further waives all presentments, protests, demands of any type, notices of any type, including notices of protest, notices of dishonour, and notices of acceptance of this Guarantee. Guarantor waives the foregoing as to present and/or future obligations and specifically waives any and all notices of the existence, creation, or incurrence of any new or additional obligations of Franchisee to Franchisor.

If Franchisor is required, in its discretion, to enforce Guarantor's obligations under this Guarantee by legal proceedings, and/or by the employment of a lawyer or legal representative, or is required to take any other or additional collection or other action to enforce its rights hereunder, Guarantor agrees to pay to Franchisor all costs incurred by Franchisor in such proceedings, action and/or employment, including court costs, costs of suit, and legal fees on a substantial indemnity basis.

This Guarantee shall be binding upon Guarantor, and each and all of them, if more than one (1), and upon his, her, its or their successors, representatives, and assigns.

Executed on _____.

Signature

SCHEDULE “D” – PRINCIPALS AND OWNERSHIP OF FRANCHISEE

The names of the shareholders or partners and their voting and equity interests in Franchisee are as follows:

<u>Names of Shareholders or Partners</u>	<u>% Voting Interest</u>	<u>% Equity Interest</u>

The directors and officers of Franchisee are as follows:

<u>Names of Directors</u>

<u>Names and Titles of Officers</u>

SCHEDULE "E" – PRE-AUTHORIZED DEBIT (PAD) AGREEMENT

PAYMENT AMOUNT: Variable
PAD CATEGORY: Business
DATES OF PAYMENT: As outlined in the Franchise Agreement
ACCOUNT TITLE: [FRANCHISEE]

I/We authorize **PERFECT SKATING FRANCHISING US INC.** (the "**Company**") and/or any of its subsidiaries or affiliates to initiate withdrawals from my/our business account at the financial institution (or any other financial institution I/We may authorize at any time), from the attached VOID check, and according to the dates indicated above for purposes of paying royalties, fees, marketing contributions and any other payments due to the Company from time to time pursuant to the Franchise Agreement between the Company and the undersigned, dated _____.

You are hereby requested and authorized to debit my/our account at your office, or at another branch of your institution if it is transferred there; all checks drawn on you on my/our behalf and made payable to the Company and/or any of its subsidiaries or affiliates or drawn on you by the Company and/or any of its subsidiaries or affiliates; and all amounts specified on any magnetic or computer produced paper tapes requesting that you pay the Company and/or any of its subsidiaries or affiliates.

In consideration of your acting as aforesaid, it is agreed that your treatment of each check and/or tape and your rights with respect to it shall be the same as if it were signed by the undersigned personally, authorizing and requesting you to pay and credit such amount to the Company and/or any of its subsidiaries or affiliates, debiting our account and failure to pay shall give no liability on your part, regardless of the loss or damage.

If the financial institution indicated above is not a bank in which the *Bank Act* (Canada) applies, "check" as used in this authorization shall include an "order" that would be a check within the meaning of Section 165 in the *Bills of Exchange Act* (Canada). Any delivery of this authorization to you will constitute delivery by the undersigned.

This authority with respect to the preauthorized debit is to remain in effect until the Company has received written notification from the undersigned of its change or termination. This notification must be received at least thirty (30) days before the next debit is scheduled at the address listed below.

I/We may obtain a sample cancellation form for more information on my/our right to cancel a pre-authorized debit agreement by contacting my/our financial institution or visiting www.cdnpay.ca.

I/We waive my/our right to receive pre-notification of the amount of the pre-authorized debit and agree that I/we do not require advance notice of the amount of pre-authorized debit before the debit is processed.

I/We understand that I/we may contact the Company by any method of communication listed below to make inquiries, obtain information or to seek recourse with respect to any pre-authorized debit issued by the Company:

Address: **2451 Riverside Drive, Ottawa, Ontario, K1H 7X7**

Telephone Number: **613-470-0707**

E-mail Address: **info@perfectskating.ca**

I/We have certain recourse rights if any debit does not comply with this agreement. For example, I/we have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD Agreement. To obtain more information on my/our recourse rights, I/we may contact my/our financial institution or visit www.cdnpay.ca.

I/We have read and understood the terms of this authorization and acknowledge receipt of a copy thereof.

(The signature appearing below must be the same as the signature appearing in the signature file of the financial institution identified above.)

DATED: _____

Address:
2451 Riverside Drive
Ottawa, ON K1H 7X7

PERFECT SKATING FRANCHISING US INC.

Per: _____
Name: Shawn Allard
Title: President
I have authority to bind the Corporation

Per: _____
Name: Andrea Allard
Title: Treasurer
I have authority to bind the Corporation

Address:

FRANCHISEE

Per: _____
Name:
Title:
I have authority to bind the Corporation

EXHIBIT C
CORPORATE UNITS AND FRANCHISED LOCATIONS

PERFECT SKATING – CORPORATE UNITS

Name of Unit	Contact Information	E-mail
Gloucester	2451 Riverside Drive Ottawa, Ontario K1H 7X7 Tel: 613-470-0707	info@perfectskating.ca
Ottawa Centre	2451 Riverside Drive, Ottawa Ontario K1H 7X7 Tel: 613-470-0707	info@perfectskating.ca
Cumberland	2451 Riverside Drive, Ottawa, Ontario Tel: 613-470-0707	info@perfectskating.ca
Nepean	2451 Riverside Drive, Ottawa, Ontario K1H 7X7 Tel: 613-470-0707	info@perfectskating.ca
Kanata	2452 Riverside Drive, Ottawa, Ontario K1H 7X7 Tel: 613-470-0707	info@perfectskating.ca

PERFECT SKATING –FRANCHISED LOCATIONS

Name of Unit	Franchisee	Contact Information	E-mail
Barrie	13698971 Canada Inc. (Brad & Courtney Davidson)	20 Green Pine Ave, Midhurst, ON L9X 0P8 Tel: 705 623-0325	brad.davidson@perfectskating.ca
Calgary NE	2396510 Alberta Ltd. (Colin Anderson & Kim Burchby)	15 Mountain Vista Estates Calgary, AB T3Z 3J5 Tel: 403-988-1694	colin@perfectskating.ca
Calgary NW	2396510 Alberta Ltd. (Colin Anderson & Kim Burchby)	15 Mountain Vista Estates Calgary, AB T3Z 3J5 Tel: 403-988-1694	colin@perfectskating.ca
Calgary SE	2396510 Alberta Ltd. (Colin Anderson & Kim Burchby)	15 Mountain Vista Estates Calgary, AB T3Z 3J5 Tel: 403-988-1694	colin@perfectskating.ca
Calgary SW	2396510 Alberta Ltd. (Colin Anderson & Kim Burchby)	15 Mountain Vista Estates Calgary, AB T3Z 3J5 Tel: 403-988-1694	colin@perfectskating.ca
Clarington	Kyle Allard	37 Bridle Court, Courtice, ON L1E 2B1 Tel: 613-281-3490	kyle.allard@perfectskating.ca
Edmonton NE	2406609 Alberta Ltd. (Darryl Marchuk)	5614 Edworthy Court NW Edmonton, AB T6M 0N7 Tel: 780-264-3116	Darrylmarchuk@gmail.com (darryl@perfectskating.ca)
Edmonton SE	2406609 Alberta Ltd. (Darryl Marchuk)	5614 Edworthy Court NW Edmonton, AB T6M 0N7 Tel: 780-264-3116	Darrylmarchuk@gmail.com (darryl@perfectskating.ca)

Name of Unit	Franchisee	Contact Information	E-mail
Edmonton SW	2406609 Alberta Ltd. (Darryl Marchuk)	5614 Edworthy Court NW Edmonton, AB T6M 0N7 Tel: 780-264-3116	Darrylmarchuk@gmail.com (darryl@perfectskating.ca)
Edmonton SW	2406609 Alberta Ltd. (Darryl Marchuk)	5614 Edworthy Court NW Edmonton, AB T6M 0N7 Tel: 780-264-3116	Darrylmarchuk@gmail.com (darryl@perfectskating.ca)
Kingston	1000382421 Ontario Inc. (Evan Scott & Crystal Scott)	21 Leeland Drive Smith Falls, ON K7A4S5	evan@perfectskating.ca
Leeds-Lanark	1000382421 Ontario Inc. (Evan Scott & Crystal Scott)	21 Leeland Drive Smith Falls, ON K7A4S5	evan@perfectskating.ca
London	1000522824 Ontario Inc. (Travis Sherman)	31 Fanjoy Drive St. Thomas, ON N5W1ZS2	travis@perfectskating.ca
Montreal West	Nathaniel Marx	2088 Rue des Sarcelle Vaudreuil- Dorion, QC J7V 0C3 Tel: 514-663-1279	nathaniel@perfectskating.ca
Montreal- Centre	Nathaniel Marx	2088 Rue des Sarcelle Vaudreuil- Dorion, QC J7V 0C3 Tel: 514-663-1279	nathaniel@perfectskating.ca
Oshawa	Kyle Allard	37 Bridle Court, Courtice, ON L1E 2B1 Tel: 613-281-3490	kyle.allard@perfectskating.ca
Ottawa Valley	Kyle Allard	37 Bridle Court, Courtice, ON L1E 2B1 Tel: 613-281-3490	kyle.allard@perfectskating.ca
Owen Sound	1000393122 Ontario Corporation (Amanda Fromager)	533 8 th Street A East Owen Sound, ON N4K1N1	amandafromager@gmail.com
Red Deer	Bird of Prey Player Development Inc. (Chris Flickinger)	421036 RR14 Rimbley, AB T0C230	chris@perfectskating.ca
Waterloo	1000907190 Ontario Inc. (Todd Jones)	1815 Whitchall Drive London, ON N5W1Z2	Bowerz@rogers.com
Whitby	Perfect Skating Durham Inc. (Kyle Allard)	37 Bridle Court, Courtice, ON L1E 2B1 Tel: 613-281-3490	kyle.allard@perfectskating.ca
FRANCHISED LOCATIONS IN THE UNITED STATES			
COLORADO			
Denver	Bar Down Hockey LLC (Mark Popovic)	2811 Mashie circle Castle Rock, CO 80109 Tel: 303 512-3113	mark@perfectskating.ca

Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year; or that have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

Name of Franchisee	Location of Franchise	Last known Address of Franchisee	Last known Telephone Number of Franchisee
NONE			

Franchises who have signed but have not yet opened

Name of Franchisee	Location of Franchise	Last known Address of Franchisee	Last known Telephone Number of Franchisee
NONE			

EXHIBIT D
FINANCIAL STATEMENTS

Please see attached.



Tel: (613) 739-8221
www.bdo.ca

BDO Canada LLP
180 Kent Street
Suite 1700
Ottawa, Ontario
K1P 0B6

CONSENT

BDO Canada LLP consents to the use in the Franchise Disclosure Document issued by Perfect Skating Franchising U.S. ("Franchisor") on January 6, 2025, as it may be amended, of our report dated January 6, 2025, relating to the financial statements of Franchisor for the period ending August 31, 2024.

BDO Canada LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario

April 1, 2025

Financial Statements of
Perfect Skating Franchising US Inc.
August 31, 2024
(In US dollars)

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Statement of shareholders' deficiency	5
Statement of loss and comprehensive loss	6
Statement of cash flows	7
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Tel: 613 237 9331
Fax: 613 237 9779
www.bdo.ca

BDO Canada LLP
180 Kent Street, Suite 1700
Ottawa, ON, K1P 0B6

Independent Auditor's Report

To the shareholders of Perfect Skating Franchising U.S. Inc.

Opinion

We have audited the financial statements of Perfect Skating Franchising U.S. Inc. (the "Company"), which comprise the balance sheet as of August 31, 2024, and the related statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the year then ended, and the related notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of \$33,745 during the year ended August 31, 2024, and, as of that date, the Company's current liabilities exceeded its current assets by \$87,392. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
January 6, 2025

Perfect Skating Franchising U.S. Inc.**Balance sheet**

As at August 31, 2024

(in U.S. dollars)

	Notes	2024 \$	2023 \$
Assets			
Current assets			
Cash	4	391	4,303
Accounts receivable	4	3,517	5,594
		3,908	9,896
Due from related parties	3	44,735	48,093
		48,643	57,989
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	30,703	23,284
Due to related party	3	55,370	33,162
Deferred revenue		5,227	5,227
		91,300	61,673
Long-term deferred revenue	2	37,463	42,690
		128,763	104,364
Shareholders' deficiency			
Share capital			
Common shares, unlimited shares authorized, no par value	5		
100 shares (2022 - 100) issued and outstanding		100	100
Accumulated deficit		(80,220)	(46,475)
		(80,120)	(46,375)
		48,643	57,989

Approved by the Board

_____, Director

Perfect Skating Franchising U.S. Inc.
Statement of shareholders' deficiency
For the year ended August 31, 2024
(in U.S. dollars)

	Common shares \$	Accumulated deficit	Total \$
Balance - August 31, 2022	100	—	100
Net loss	—	(46,475)	(46,475)
Balance - August 31, 2023	100	(46,475)	(46,375)
Net loss	—	(33,745)	(33,745)
Balance - August 31, 2024	100	(80,220)	(80,120)

Perfect Skating Franchising U.S. Inc.
Statement of loss and comprehensive loss
As at August 31, 2024
(in U.S. dollars)

	Notes	2024 \$	2023 \$
Revenue			
Royalties	2	25,941	15,271
Franchise and license fees revenue	2	11,504	11,617
		37,445	26,888
Operating expenses			
Professional fees	3	26,320	46,284
Shared service cost	3	16,484	14,965
Franchise development expenses		15,000	8,710
Administrative expenses		1,099	2,596
Advertising expenses		9,216	—
		68,119	72,555
Loss before other expenses and income taxes		(30,674)	(45,667)
Other expenses			
Interest and bank charges		1,693	688
Unrealized foreign exchange loss		1,378	120
		3,071	808
Loss before income taxes		(33,745)	(46,475)
Income taxes	6	—	—
Net loss and comprehensive loss		(33,745)	(46,475)

Perfect Skating Franchising U.S. Inc.**Statement of cash flows**

As at August 31, 2024

(in U.S. dollars)

	2024	2023
	\$	\$
Operating activities		
Net loss	(33,745)	(46,475)
Items not affecting cash		
Unrealized foreign exchange adjustment	1,378	120
	(32,366)	(46,355)
Changes in non-cash operating working capital items		
Accounts receivable	2,076	(5,594)
Accounts payable and accrued liabilities	7,418	23,451
Deferred revenue	(5,227)	47,918
Due from related party	3,358	(48,668)
Due to related party	22,208	33,564
	(2,533)	4,317
Other activity		
Foreign exchange gain or loss on cash held in foreign currency	(1,378)	(114)
(Decrease) Increase in cash	(3,912)	4,203
Cash, beginning of year	4,303	100
Cash, end of year	391	4,303

1 Nature of operations and going concern

Perfect Skating Franchising U.S. Inc. ("PSF US Inc." or the "Company") was incorporated under the *Canada Business Corporations Act* on May 18, 2022.

The Company operates as the franchisor of Perfect Skating Franchising Inc. They are engaged in the marketing and franchising of the Perfect Skating methodology. The Company operates and services franchisees across North America.

These financial statements have been prepared on a going concern basis. The going concern basis assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company incurred a net loss of \$33,745 during the year ended August 31, 2024, and, as of that date, the Company's current liabilities exceeded its current assets by \$87,392. These conditions indicate the existence of material uncertainty that may cast a significant doubt above the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate cash flows from its operating activities and continue to grow sales to ultimately become profitable or to continue to seek additional financing until that time.

The Company remains committed towards increasing its sale of franchise licenses in the next year to enable them to generate positive cash flows and support further operations.

2 Summary of significant accounting policies

Basis of accounting

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

Foreign currency

The functional currency of the Company is the U.S. dollar, which is also the presentation currency. Transactions denominated in currencies other than the U.S. dollar are measured at exchange rates prevailing at the date of the transaction. Foreign currency balances are remeasured using the period-end exchange rates and the resulting gains or losses are recognized as a component of expense.

Financial instruments

The financial instruments are recorded at fair value upon initial recognition and subsequently measured at amortized cost.

The carrying amounts for cash, accounts receivable, accounts payable and accrued liabilities, and related party amounts approximate fair value due to the short-term maturities of these instruments.

The Company uses the following criteria for defining financial instrument input levels:

Level 1: Observable, quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices.

Level 3: Unobservable inputs that reflect the Company's own assumptions. These are based on the best information available. In the case the Company has Level 3 inputs, the Company utilizes all reasonably available information.

Income taxes

The Company provides for incomes taxes using the asset and liability method pursuant to Accounting Standard Codification ("ASC") 740, *Income Taxes*, under which deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax laws and rates applicable to the periods in which the differences are expected to reverse. The Company provides for a valuation allowance, if necessary, to reduce deferred tax assets to their estimates realizable value when realization of such assets is not considered more likely than not.

2 Summary of significant accounting policies (continued)

Use of estimates

The preparation of these financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management makes the estimates when assessing its accrued liabilities.

These estimates are reviewed periodically and as adjustments become necessary, they are reporting in earnings in the year in which they become known. Actual results could differ from the estimates made by management.

Revenue recognition

The Company earns revenue primarily through the sale of franchise agreements, ongoing royalty fees, and other services provided to franchisees, including training, marketing support, and software subscriptions. These represent performance obligations and revenue is recognized when the Company satisfies these performance obligations under the terms of each contract with a customer.

Franchise fee revenue is recognized based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties.

The Company recognizes revenue when it satisfies a performance obligation by transferring service to a customer. The total transaction price is allocated to the performance obligations based on the standalone selling price, which is estimated using the relative cost of each performance obligation. As such, the revenue is recognized once the following criteria are met:

- final payment has been received;
- the franchisee has executed a franchise agreement/ evidence of an agreement exists; and
- the service related to the performance obligation is performed over time

On January 2021, *ASU 2021-02 Franchisors - Revenue from Contracts with Customers* was released which provided a practical expedient to non-public franchisors to account for pre-opening services provided to a franchisee as distinct from the franchise licenses if the services included the following:

- assistance in site selection.
- assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiations.
- training of franchisee's personnel or the franchisee.
- preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business
- inspection, testing, and other quality control programs.

The Company has elected to apply this practical expedient. As part of the application of the practical expedient the Company recognizes pre-opening services as a single performance obligation. Accordingly, the Company recognizes initial franchise fees once the service related to the performance obligation is performed, which coincides with the completion of the corresponding training of the franchisee's personnel.

When the invoice is issued to the franchisee, revenue from royalties is considered as sales-based royalties received in exchange for a license of intellectual property and recognized on monthly basis. The Company satisfies the following conditions under topic ASC 606-10-55-65:

- franchisor uses the IP over the life of the agreement; and
- the performance obligation to provide the continuous services to franchises is satisfied on monthly basis for which it receives sales-based royalty.

Deferred revenue consists of initial franchise fee pertaining to the remaining contractual period after recognizing the pre-opening services.

3 Related party transactions

Related party balances

	2024	2023
	\$	\$
Dues from/to related parties		
Perfect Skating Inc., company under common control	39,547	48,093
Perfect Skating Franchising Inc., company under common control	(55,370)	(33,162)
Due from shareholder	5,188	—
	(10,635)	14,931

Amounts due from and to related parties are unsecured, interest-free and have no specified terms of repayment. Consequently, in the current year the amounts receivable have been classified as a non-current asset.

Related party transactions

The following related party transactions occurred in the normal course of business.

The Company has incurred expenses in the prior year which were paid in part by a company under common control during the current year for professional fees amounting to \$4,576 (2023 - \$ nil), which is included under professional fees as well as for shared service costs amounting to \$16,484 (2023 - \$14,965), which is included under shared service cost. The Company has also advanced funds to one of their shareholders amounting to \$5,188, which is receivable at the year end.

4 Financial instruments

Due to the short-term maturity of cash, accounts receivable, accounts payable and accrued liabilities, the carrying value of these instruments is a reasonable estimate of their fair value. The fair value of due from related party classified as non-current is not expected to be significantly different than the carrying amount.

Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and accounts receivable. The Company manages credit risk by monitoring the receivables collection and due dates.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations and its financial liabilities. The Company is exposed to liquidity risk on its accounts payable and accrued liabilities and amounts due to related parties. The Company manages liquidity risk by monitoring its future cash flow requirements on a regular basis.

Foreign currency risk

The Company is subject to foreign currency exchange risk in the form of exposure to changes in currency exchange rates between the U.S. dollar and the Canadian dollar.

5 Share capital

Authorized

Unlimited Class A special shares, non-voting, non-cumulative dividend at the discretion of the board of directors
Unlimited Class B special shares, voting, non-cumulative dividend at the discretion of the board of directors
Unlimited Class C special shares, non-voting, non-cumulative dividend at the discretion of the board of directors
Unlimited Class D special shares, non-voting, non-cumulative dividend at the discretion of the board of directors
Unlimited Class E special shares, non-voting, non-cumulative dividend at the discretion of the board of directors
Unlimited Class F special shares, voting, non-cumulative dividend at the discretion of the board of directors
Unlimited Class G special shares, non-voting, non-cumulative dividend at the discretion of the board of directors

Unlimited Class A common shares, voting, dividend at the discretion of the board of directors
Unlimited Class B common shares, voting, dividend at the discretion of the board of directors
Unlimited Class C common shares, voting, dividend at the discretion of the board of directors
Unlimited Class D common shares, voting, dividend at the discretion of the board of directors
Unlimited Class E common shares, non-voting, dividend at the discretion of the board of directors

Issued and fully paid

	2024	2023
	\$	\$
50 Class A common shares	50	50
50 Class B common shares	50	50
	100	100

6 Recovery of income taxes

As at August 31, 2024, the Company has a non-capital loss carry-forward of approximately \$80,000 (2023 - \$ 46,000) which are available to reduce future years' taxable income of which tax benefits have not been recognized in the financial statements.

7 Future adoption of recently issued accounting pronouncements

The FASB has issued the following accounting pronouncements and guidance relevant to the Company's operations which will affect future accounting periods:

ASU 2023-09-Income Taxes: Improvements to Income Tax Disclosures: This topic requires entities other than public entities to provide qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. This update is effective for annual periods beginning after December 15, 2025.

The Company is evaluating the impact this pronouncement might have on the financial statements.

Management Report

Perfect Skating Franchising US Inc.
For the period ended March 31, 2025



Prepared on
April 29, 2025

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These financial statements have been prepared without an audit. Prospective Franchisees or Sellers of Franchises should be advised that no independent certified public accountant has audited the figures or expressed an opinion with regard to their content or form.

Profit and Loss

September 2024 - March 2025

	Total
INCOME	
Franchise Advertising Fees	900.00
Franchise Royalties	22,872.72
Franchise Sales	2,613.72
Franchise Tech Fees	2,040.00
Services	4,756.81
Total Income	33,183.25
GROSS PROFIT	33,183.25
EXPENSES	
Advertising / Promotional	39,635.07
Bank charges	1,732.90
Foreign Exchange	5.70
Franchise Development Expenses	9,105.75
Franchising Development Expenses	35,000.00
Interest expense	1,464.08
Office expenses	727.50
Professional fees	
Accounting	15,842.08
Legal	6,278.37
Total Professional fees	22,120.45
Total Expenses	109,791.45
OTHER EXPENSES	
Exchange Gain or Loss	227.90
Total Other Expenses	227.90
PROFIT	\$ -76,836.10

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Balance Sheet

As of March 31, 2025

	Total
ASSETS	
Current Assets	
Cash and Cash Equivalent	
Chequing (379-5)	163.64
Chequing (521-1) USD	3,042.60
Petty Cash	100.00
Total Cash and Cash Equivalent	3,306.24
Total Current Assets	3,306.24
Total Assets	\$3,306.24
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
Accounts Payable (A/P)	19,985.75
Accounts Payable (A/P) - CAD	23,784.06
Total Accounts Payable (A/P)	43,769.81
Credit Card	
Credit Card (3076)	0.36
Credit Card (5241)	14,647.40
Total Credit Card	14,647.76
Due to/from Perfect Skating Inc.	14,451.16
Due to/from PS Franchising Inc.	55,369.81
Due to/from Shareholder	-8,036.36
Total Current Liabilities	120,202.18
Non-current Liabilities	
Current Deferred Revenue	5,227.40
Deferred Revenue	34,849.31
Total Non-current Liabilities	40,076.71
Total Liabilities	160,278.89
Equity	
Common Shares	100.00
Retained Earnings	-80,236.55
Profit for the year	-76,836.10
Total Equity	-156,972.65
Total Liabilities and Equity	\$3,306.24

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Statement of Cash Flows

September 2024 - March 2025

	Total
OPERATING ACTIVITIES	
Net Income	-76,836.10
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable (A/R)	3,517.30
Accounts Payable (A/P)	19,985.75
Accounts Payable (A/P) - CAD	6,179.63
Credit Card (3076)	0.36
Credit Card (5241)	1,520.06
Due to/from Perfect Skating Inc.	53,997.90
Due to/from Shareholder	-2,848.19
Deferred Revenue	-2,613.72
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	79,739.09
Net cash provided by operating activities	2,902.99
NET CASH INCREASE FOR PERIOD	2,902.99
Cash at beginning of period	403.25
CASH AT END OF PERIOD	\$3,306.24

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These financial statements have been prepared without an audit. Prospective Franchisees or Sellers of Franchises should be advised that no independent certified public accountant has audited the figures or expressed an opinion with regard to their content or form.

EXHIBIT E
CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made as of _____ between _____
_____ (“**Recipient**”) and **Perfect Skating Franchising U.S. Inc.** (“**Company**”)

WHEREAS Company has agreed to provide certain confidential information to Recipient in relation to opening a Perfect Skating franchise and wishes to set forth certain terms and conditions associated with such information.

NOW THEREFORE in consideration of the premises and mutual agreements and covenants contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the parties), the parties covenant and agree as follows:

In connection with the consideration by Recipient of a potential business opportunity involving the Company (the “**Transaction**”), the Company intends to provide Recipient with information that it considers to be non-public, confidential, and/or proprietary in nature. All such information concerning or relating to the Company and each of its Affiliates and other controlled entities and joint ventures in which it participates that is provided to, or shared with, the Recipient or its representatives by or on behalf of the Company is herein referred to as the “**Confidential Information.**” Confidential Information shall also include, without limitation, all notes, analyses, compilations, forecasts, proposals, data, studies, or other documents prepared by, on behalf of or for the benefit of Recipient that contain, reflect, summarize, analyse, discuss, or review any of the Confidential Information. The term “representatives” for purposes of this Agreement shall refer to all Affiliates, equity partners, directors, officers, employees, agents, and financial and legal advisors of a party.

The Confidential Information will be kept confidential, and without the Company’s prior consent, will not be disclosed by Recipient or its representatives, in any manner whatsoever, in whole or in part, and will not be used by Recipient or its representatives, directly or indirectly, for any purpose other than in connection with the Transaction. Recipient agrees to furnish the Confidential Information only to those of its representatives who need to know the Confidential Information for the purpose of evaluating and advancing the Transaction and who are informed by Recipient of the confidential nature of the Confidential Information. Recipient agrees to be responsible for any breach of this Agreement by any of its representatives. Recipient will safeguard the Confidential Information from disclosure to anyone other than as permitted hereby.

At any time at the Company’s direction, Recipient will cause its representatives to, within five (5) days of receipt of such direction: (a) return to the Company or destroy all Confidential Information in the possession of Recipient and its representatives without retaining any copies; and (b) destroy all copies of notes, analyses, compilations, forecasts, data, studies or other documents prepared by, on behalf of or for the benefit of Recipient that contain, reflect, summarize, analyse, discuss or review any of the Confidential Information and remove all electronic copies of the foregoing from all of Recipient’s readily accessible electronic systems and cause its representatives to do the same; and (c) certify to the Company in writing that this paragraph has been complied with.

This Agreement will be inoperative as to such portions of the Confidential Information which: (a) become available to Recipient from a source other than the Company or its representatives, provided that such source, so far as Recipient is aware, is not bound by a confidentiality agreement with the Company or otherwise prohibited from transmitting the Confidential Information to Recipient by a contractual or legal obligation; (b) are independently developed by Recipient without use of or reference to the Confidential Information; (c) become available to an editorial department of Recipient other than through a breach of

this Agreement; or (d) Recipient or its representatives are required to disclose by any applicable law or regulation or competent judicial, governmental or other authority or in accordance with the requirements of any applicable stock exchange.

In the event that Recipient or anyone to whom it transmits the Confidential Information pursuant to this Agreement becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, Recipient will, to the extent practicable, provide the Company with prompt written notice so that it may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In any case, Recipient or its representatives will furnish only that portion of the Confidential Information which in the opinion of Recipient's counsel is legally required and Recipient will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.

Each party agrees that the other party will be irreparably harmed if a party breaches its obligations hereunder and therefore each party shall be entitled to injunctive relief to prevent breaches by the other party of this Agreement, and to specifically enforce the terms and provisions hereof, in addition to any other remedy to which the parties may be entitled, at law or in equity. It is further understood and agreed that no failure or delay by a party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise of any right, power, or privilege hereunder.

Recipient acknowledges that the amount of potential damages resulting from a breach or threatened breach of this Agreement may be impossible to ascertain. Therefore, Recipient agrees that the Company may, in addition to pursuing any remedies provided by law, seek to obtain equitable relief, including an order of specific performance of this Agreement.

No amendment to the terms and conditions of this Agreement will be valid and binding unless made in writing and signed by the parties. If any of the provisions of this Agreement become unenforceable, the remainder of this Agreement will nevertheless remain binding to the fullest extent possible, taking into consideration the purposes and spirit hereof.

Failure of a party to insist upon strict adherence to any term of this Agreement on any occasion or the waiver of a breach of this Agreement in any instance shall not deprive the party of the right thereafter to insist on strict adherence to that term or any other term in this Agreement or be construed as a waiver of any subsequent breach, whether or not similar.

This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

This Agreement may be executed in one or more counterparts which together shall be deemed to constitute one valid and binding agreement and delivery of the counterparts may be effected by means of a fax or electronic mail transmission.

IN WITNESS WHEREOF, the parties have executed this Non-Disclosure Agreement as of the first date written above.

SIGNED SEALED AND DELIVERED

in the presence of:

WITNESS:

Name:

Perfect Skating Franchising U.S. Inc.

Name: Shawn Allard
Title: President

EXHIBIT F
FRANCHISEE DISCLOSURE QUESTIONNAIRE

This Questionnaire does not apply to franchises who intend to operate the franchised business in the State of California. Do not complete this Questionnaire or respond to any of the questions contained in the Questionnaire if you intend to operate the franchised business in the State of California.

Maryland franchisees are not to sign the Questionnaire if they are a resident of Maryland or the business is to be operated in Maryland. The Questionnaire does not apply to Maryland franchisees and Maryland franchisees should not complete, sign or respond to any of the questions contained in the Questionnaire.

Do not sign this questionnaire if you are a resident of the state of Washington or if the business is to be operated in the state of Washington.

Perfect Skating Franchising U.S. Inc. (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement and ancillary agreements of the operation of a Perfect Skating franchise (the “**Franchised Business**”). The purpose of this Questionnaire is to determine whether you have read and understood all agreements you are about to sign and whether any statements or promises were made to you that Franchisor has not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed each and every page of the Disclosure Document, Franchise Agreement and each schedule attached to them (the “**Documents**”)?

Yes _____ No _____

2. Do you understand all of the information contained in the Documents, and your rights and obligations described in the Documents?

Yes _____ No _____

If no, what parts of the Documents do you not understand? (attach additional pages, if necessary).

3. Which representative(s) have you been dealing with?

4. Have you discussed the benefits and risks of operating the Franchised Business with a lawyer, or other professional advisors?

Yes _____ No _____

If you answered yes to Question Number 5, please provide the following information:

Lawyer’s Name and Address (including postal code):

Other Advisor's Name, Address (including postal code) and profession.

5. If you consulted a lawyer, did s/he review the Documents with you and provide her/his advice thereon?

Yes _____ No _____

6. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business?

Yes _____ No _____

7. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the total amount of revenue your Franchised Business will generate?

Yes _____ No _____

8. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from, the information contained in the schedules to the Franchise Agreement?

Yes _____ No _____

9. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

10. Have you entered into any binding agreement with Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

If you answered "Yes" to any of Questions 8 – 12, please provide a full explanation of each "Yes" answer in the following blank lines. (attach additional pages if necessary and refer to them below). If you have answered "No" to each of questions 8 through 12, please leave the following lines blank.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

DATED at _____ as of _____

Name:

Name:

EXHIBIT G
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EXHIBIT H
STATE SPECIFIC DISCLOSURES AND ADDENDA TO FRANCHISE AGREEMENT

REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF CORPORATIONS PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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

Neither we nor any person or franchise identified in Item 2 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 that association or exchange.

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control. We may not terminate your franchise except for good cause, and we must give you a notice of default and a reasonable opportunity to cure the defects (except for certain defects specified in the statute, for which no opportunity to cure is required by law). The statute also requires that we give you notice of any intention not to renew your franchise at least 180 days before expiration of the Franchise Agreement.

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of your franchise. This provision may not be enforceable under California 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.

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF ARIZONA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

To the extent permitted by law, you and we waive any right to or claim for any punitive or exemplary damages against each other and agree that in the event of a dispute between us, each will be limited to the recovery of actual damages only (except in limited circumstances). Each party further waives trial by jury and, to the extent permitted by law, all claims arising out of or relating to the Franchise Agreement must be brought within one year from the date on which you or we knew or should have known of the facts giving rise to such claims (except for claims relating to nonpayment or underpayment of amounts you owe us).

The Franchise Agreement requires mediation. The mediation will occur at the office of the American Arbitration Association Office closest to our principal executive offices. 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) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

REQUIRED BY THE STATE OF ILLINOIS

The Illinois attorney General's Office has imposed the Deferral of Initial Franchise (and Development) Fees until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations (Section 200.508 of the Rules). This deferral requirement is due to Franchisor's financial condition.

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law

Your rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

The Illinois Franchise Disclosure Act will govern any Franchise Agreement if it applies to a subfranchise located in Illinois.

Any condition in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for mediation in a forum outside of Illinois.

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

Illinois law governs the Franchise Agreement(s).

The Initial Training Program will be held in Ottawa, Canada. You will be responsible for all costs relating to the Initial Training Program including all out of pocket costs, travel, transportation, lodging, and other expenses incurred.

REQUIRED BY THE STATE OF INDIANA

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of your franchise. This provision may not be enforceable under Indiana law.

Indiana law makes unilateral termination of your franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Arizona law will abrogate or reduce any of your rights as provided for under Indiana law.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Franchise Agreement requires mediation to be held at the office of the American Arbitration Association closest to our principal executive offices, mediation held pursuant to the Franchise Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

REQUIRED BY THE STATE OF MARYLAND

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

The following is added to Item 17:

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

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years of the grant of the franchise.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal shall not apply to any liability 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.

REQUIRED BY THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition of 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 protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its 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 each 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 franchised 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' 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 mediation or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediation 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 qualification or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(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 a provision has been made for providing the required contractual services.

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 the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

REQUIRED BY THE STATE OF MINNESOTA

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

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

Minn. Stat. § 80C.17, Subd. 5, states that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Under Minnesota law, we cannot require you to consent to injunction relief; however, we may seek injunctive relief from the Court.

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

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.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Minnesota Department of Commerce due to Franchisor's financial condition.

REQUIRED BY THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

With the exception of what is stated above, the following applies 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York

6. Franchise Questionnaires and Acknowledgements--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.

REQUIRED BY THE STATE OF NORTH DAKOTA

1. The following is added to Item 17(c) of the Disclosure Document and the Franchise Agreement: The Commission of Securities of North Dakota has determined that requiring a franchisee to sign a general release upon renewal of a franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee sign a general release as a condition of renewing the franchise agreement is deleted.

2. The following is added to Item 17(i) of the Disclosure Document and the Franchise Agreement: The Commission of Securities of North Dakota has determined that requiring a franchisee to consent to termination or liquidated damages in a franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee consent to termination or liquidated damages is deleted.

3. The following is added to the Item 17(r) of the Disclosure Document and the Franchise Agreement: The Commission of Securities of North Dakota has determined that certain covenants restricting competition may be contrary to Section 9-08-06 of the North Dakota Century Code. Any covenants against competition shall be subject to this section of the North Dakota Century Code. Covenants not to compete such as those mentioned in Item 17(r) and in the Franchise Agreement are generally considered unenforceable in North Dakota.

4. The following is added to Item 17(u) of the Disclosure Document and the Franchise Agreement: We agree that the place of arbitration will be a location that is in close proximity to the site of your Perfect Skating Franchised Business.

5. The Disclosure Document and Franchise Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. This provision may not be enforceable under North Dakota Franchise Investment Law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

6. The following is added to the Disclosure Document and Franchise Agreement: We agree that the laws of the State of North Dakota will govern the construction and interpretation of your Franchise Agreement.

7. The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. The Commission of Securities of North Dakota has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

8. To the extent any provision of your Franchise Agreement requires franchisee to consent to a waiver of exemplary and punitive damages, the Commission of Securities of North Dakota has determined that these types of provisions to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota and will be deemed null and void.

9. The Franchise Agreement requires the franchisee to consent to a limitation of claims period within one year, the Commissioner had determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

10. The Franchise Agreement requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

11. 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.

REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Franchise Agreement says the laws of Arizona apply, § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

REQUIRED BY THE STATE OF VIRGINIA

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.

STATE SPECIFIC DISCLOSURES
REQUIRED BY THE STATE OF 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.

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES**

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.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of _____.

PERFECT SKATING FRANCHISING U.S. INC. FRANCHISEE

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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.

The Illinois attorney General's Office has imposed the Deferral of Initial Franchise (and Development) Fees until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations (Section 200.508 of the Rules). This deferral requirement is due to Franchisor's financial condition.

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of _____.

PERFECT SKATING FRANCHISING U.S. INC. FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

ADDENDUM TO FRANCHISE AGREEMENT REQUIRED FOR MARYLAND FRANCHISEES

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to you was made in the State of Maryland; (B) you are a resident of the State of Maryland; (C) part or all of the Protected Territory is located in the State of Maryland; and/or (D) the franchise will be located or operated in the State of Maryland.

The following sentence is added to the end of Sections 1.6, 16 and 17

Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)

The following sentences are added to the end of Section 1.6

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The following sentence is added to the end of Section 1.5 :

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The following sentence is added to the end of Section 1.5:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Section 18 of the Franchise Agreement is deleted in its entirety.

Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its rights to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this form selection requirement is legally enforceable.

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.

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of _____.

PERFECT SKATING FRANCHISING U.S. INC. FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to Franchise Agreement dated _____ (“Franchise Agreement”) between _____ and _____ (“You”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to you was made in the State of Minnesota; (B) you are a resident of the State of Minnesota; and/or (C) the franchise will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Section 17:

Notwithstanding the foregoing, you will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

3. The following sentence is added to the end of Section 4.2:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 180 days’ notice for non-renewal of the Franchise Agreement.

4. The following sentence is added to the end of Section 13.2:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of this Agreement and the System.

5. The following sentence is added as Sections 1.7 and Section 4:

(D) With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute §80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that you be given 90 days’ notice of termination (with 60 days to cure) of the Franchise Agreement.

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

7. All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

8. You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits.

9. Therefore, you agree that, in the event of a default or threatened default of any of the terms of this Agreement by you, we are entitled to seek injunctive relief (both preliminary and permanent) restraining that default and/or to specific performance. A court will determine if a bond or security must be posted.

10. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

11. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

12. 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.

13. Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Minnesota Department of Commerce due to Franchisor's financial condition.

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of _____.

PERFECT SKATING FRANCHISING U.S. INC. FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

1. The following is added to Item 17(c) of the Disclosure Document and the Franchise Agreement.

The Commission of Securities of North Dakota has determined that requiring a franchisee to sign a general release upon renewal of a franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee sign a general release as a condition of renewing the franchise agreement is deleted.

2. The following is added to Item 17(i) of the Disclosure Document and the Franchise Agreement.

The Commission of Securities of North Dakota has determined that requiring a franchisee to consent to termination or liquidated damages in a franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee consent to termination or liquidated damages is deleted.

3. The following is added to the Item 17(r) of the Disclosure Document and the Franchise Agreement.

The Commission of Securities of North Dakota has determined that certain covenants restricting competition may be contrary to Section 9-08-06 of the North Dakota Century Code. Any covenants against competition shall be subject to this section of the North Dakota Century Code. Covenants not to compete such as those mentioned in Item 17(r) and in the Franchise Agreement are generally considered unenforceable in North Dakota.

4. The following is added to Item 17(u) of the Disclosure Document and the Franchise Agreement.

We agree that the place of arbitration will be a location that is in close proximity to the site of your Perfect Skating Franchised Business.

5. The Disclosure Document and Franchise Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. This provision may not be enforceable under North Dakota Franchise Investment Law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

6. The following is added to the Disclosure Document and Franchise Agreement.

We agree that the laws of the State of North Dakota will govern the construction and interpretation of your Franchise Agreement.

7. The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. The Commission of Securities of North Dakota has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

8. To the extent any provision of your Franchise Agreement requires franchisee to consent to a waiver of exemplary and punitive damages, the Commission of Securities of North Dakota has determined that these types of provisions to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota and will be deemed null and void.

9. The Franchise Agreement requires the franchisee to consent to a limitation of claims period within one year. The Commissioner had determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

10. The Franchise Agreement requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

11. 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.

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of _____.

PERFECT SKATING FRANCHISING U.S. INC. FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR VIRGINIA FRANCHISEES**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for **Perfect Skating Franchising U.S. Inc.** for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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

No statement, questionnaire, or 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.

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of _____.

PERFECT SKATING FRANCHISING U.S. INC. FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**WASHINGTON ADDENDUM TO 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.

PERFECT SKATING FRANCHISING U.S. INC. FRANCHISEE

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

EXHIBIT I

State Effective Dates

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

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

State	Effective Date
California	5/28/2025
Illinois	Pending
Indiana	4/2/2025
Maryland	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	4/8/2025
Virginia	6/17/2025
Washington	Pending
Wisconsin	4/1/2025

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

EXHIBIT J
RECEIPT
(Keep this Copy for your Records)

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Perfect Skating Franchising U.S. Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before 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 agreement or other agreement or the payment of any consideration, whichever occurs first.

If Perfect Skating Franchising U.S. Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed in Exhibit A.

The franchisor is Perfect Skating Franchising U.S. Inc., located at 1565 Maple Grove Rd, Kanata, ON K2V 1A3, Canada. Its telephone number is 613-470-0707.

The following broker(s) will represent us in connection with the sale of our franchises: Andrea Allard at 1565 Maple Grove Rd, Kanata, ON K2V 1A3, Canada and telephone number 613-470-0707.

Date of Issuance: JANUARY 6, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated JANUARY 6, 2025. This Disclosure Document included the following Exhibits:

No table of contents entries found.Date: _____

Signature of Prospective Franchisee: _____

Print Name: _____

You may return the signed receipt either by signing, dating, and mailing it to us at Perfect Skating Franchising U.S. Inc., located at 1565 Maple Grove Rd, Kanata, ON K2V 1A3, Canada, or by emailing a copy of the signed and dated receipt to us at info@perfectskating.ca.

EXHIBIT J
RECEIPT
(Return this Copy to Us)

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Perfect Skating Franchising U.S. Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before 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 agreement or other agreement or the payment of any consideration, whichever occurs first.

If Perfect Skating Franchising U.S. Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed in Exhibit A.

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Exhibit A-State Administrators and Agents for Service of Process	Exhibit F- Franchise Disclosure Questionnaire
Exhibit B-Franchise Agreement	Exhibit G-Operations Manual-Table of Contents
Exhibit C-Company and Franchised Outlets	Exhibit H-State Specific Disclosures and Addenda
Exhibit D-Financial Statements	Exhibit J-Receipts
Exhibit E-Confidentiality Agreement	

Date: _____

Signature of Prospective Franchisee: _____

Print Name: _____

You may return the signed receipt either by signing, dating, and mailing it to us at Perfect Skating Franchising U.S. Inc., located at 1565 Maple Grove Rd, Kanata, ON K2V 1A3, Canada, or by emailing a copy of the signed and dated receipt to us at info@perfectskating.ca.