

FRANCHISE DISCLOSURE DOCUMENT



PERFECT SKATING™

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

Perfect Skating franchises ~~businesses~~ 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 \$26,750 to \$126,750 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**

**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 refer to our proprietary and confidential system for the operation of Perfect Skating Franchised Businesses, together with the Marks, as “the System.” You must offer all products and services that we may specify and may not offer any products or services we have not authorized.~~ 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. ~~You must operate your Perfect Skating Franchised Business in accordance with the standards and procedures designated by~~

~~Franchisor, and according to Franchisor's Operations Manual, or other notices we send you from time to time ("the Operations Manual").~~

~~You will be provided a copy of our applicable Operations Manuals at the time you sign your Franchise Agreement. A copy of the Table of Contents for each of our Operations Manuals is attached as Exhibit G.~~

~~Franchisor owns unique marketing plans and systems for the development, opening and operation of distinctive hockey development programs, each of which may be competitive with one another. Franchisor licenses the Marks including but not limited to, as of the date of this disclosure document, the trademark "Perfect Skating".~~

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

~~The following list summarizes the business background of our directors and officers, and such other members of our team who may have day-to-day management responsibilities relating to the franchise:~~

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. ~~Since July 2014, Mr. Allard has been an NHL On-Ice Movement and Performance Coach based in Ottawa, Canada. He is a former professional hockey player, former coach, and former full-time skating and skills coach with the NHL's Nashville Predators and Colorado Avalanche, responsible for on-ice performance.~~ 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. ~~Deric is a graduate of Royal Military College in Kingston, Ontario and four year varsity hockey player and Major Jr player in the QMJHL with the Gatineau Olympiques.~~ 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.

~~We may discount or charge different Initial Franchise Fees based on other subjective factors we deem important to the System. We reserve the right to modify the Initial Franchise Fees in the future to reflect the changing costs of doing business and changes in the value of a Perfect Skating Franchised Business.~~

~~*Note to Renewing Franchisees:* In the event of a renewal, there is no Initial Franchise Fee payable; however, you will be required to pay the renewal fee of the greater of: (i) Ten Thousand Dollars (\$10,000); or (ii) fifty percent (50%) of our then current initial franchise fee for the Protected Territory (or a comparable territory) as described herein.~~

~~*Note to Resale Franchisees:* You are not required to pay the Initial Franchise Fee; however, unless we provide otherwise, a Transfer Fee of the greater of: (i) Ten Thousand Dollars (\$10,000); or (ii) fifty percent (50%) of our then current initial franchise fee for the Protected Territory (or a comparable territory) shall be paid by you to us.~~

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.

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.~~

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.

Technology Fee (3 mos.)

~~You will pay us a Technology Fee of \$350 per month. The Technology Fee 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.~~

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

**ITEM 6:
OTHER FEES**

~~The following chart is an estimate of the direct and indirect costs to be incurred by Franchisee and paid to Franchisor in the operation of a Franchised Business. See explanatory notes below for additional assumptions.~~

Name <u>Type of Fee</u> ¹	Amount of Payment ²	Due Date	Comments <u>Remarks</u>
Royalty Fee ³	6% of Gross Revenue	Payable Monthly	First royalty payment due on 1st month after opening.
Advertising Fund ⁴	Currently —\$100 per month	Payable Monthly	This is the current amount. Due on the 1st month after opening.
Local Store Marketing	Currently —\$100 per month	As incurred	Payable to third parties to market your Franchised Business.
Technology Fee ⁵	Currently —\$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	

Name <u>Type of Fee</u> ¹	Amount of Payment ²	Due Date	Comments <u>Remarks</u>
Transfer fee	Greater of \$10,000 or 50% of then current initial franchise fee for the Protected Territory (or a comparable territory)	At time of transfer	
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	Currently \$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
<u>Supplier Evaluation Fee</u>	<u>The travel expenses, personnel expenses, and testing expenses that we incur in conducting the evaluation</u>	<u>Upon billing</u>	<u>Payable to us if you request that we approve a supplier of products or services that is not currently an Approved Supplier</u>
Costs and Legal Fees	Will vary under circumstances <u>The actual fees and costs we incur</u>	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	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

Name <u>Type of Fee</u> ¹	Amount of Payment ²	Due Date	Comments <u>Remarks</u>
	costs of collection for unpaid amounts		result of your default and to enforce and terminate your Franchise Agreement if necessary. This also 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. <u>Will depend upon the number of uniforms you purchase</u>	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. ~~All fees are payable in United States Dollars (USD). All fees are non-refundable.~~ 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

Item Type of Expenditure (1) (2)	Estimated Amount		Method of Payment	When Payment is 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	Third parties Approved Suppliers
Laptop and cell phone	\$1,500	\$1,500	As arranged	As incurred	Third parties 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

Item Type of Expenditure (1) (2)	Estimated Amount		Method of Payment	When Payment is Due	To Whom Payment is Made
	Low	High			
Travel & Living Expenses While Training ⁴	\$2,500	\$5,000	As arranged	As incurred	Third parties Approved Suppliers
Business Licenses and Registrations ⁵	\$500	\$1,200	Lump Sum	Pre-opening	Third parties Approved Suppliers
Accounting and Legal Professional Fees including cost of Incorporation ⁶	\$3,000	\$5,000	As arranged	As incurred	Third parties Approved Suppliers
Insurance ⁷	\$1,000	\$1,000	As arranged	Pre-opening	Third parties 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	Third parties 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	Third parties Approved Suppliers
Pre-Opening Advertising ⁹	\$5,000	\$5,000	As arranged	As incurred	Approved suppliers and Third parties
Additional Funds (3 months) ⁽¹⁰⁾	\$10,000	\$15,000	As arranged	As incurred	Third Parties 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 than 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 ~~at the outset of~~ 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.

~~11. Note to Renewing Franchisees: As you are already operating a franchise, assuming you are in compliance with the Franchise Agreement, some of the costs listed in the sections above do not apply to you. We may require you to bring the Franchised Business into compliance with our then-current standards. Such requirements, if any, will be identified in the Manual.~~

~~12. Note to Resale Franchisees: If you are purchasing an existing franchise, some of the costs listed in the chart above may not apply to you. Some or all of the items listed above may be included in the purchase price to be paid by you to the selling franchisee. It is up to you and the selling franchisee to negotiate and determine the purchase price for the Franchised Business, which may include some or all of the items listed in the chart above. We will not necessarily review or comment on the sufficiency or appropriateness of the purchase price to be paid by you. To the extent that any of the items listed above are not included in the purchase price, you may need to incur these costs in addition to the purchase price. We may require the proposed transferee to bring the Franchised Business into compliance with our then-current standards.~~

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 ~~reasonable cost of the inspection and the actual cost of the test~~ 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.

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. ~~As we deem appropriate,~~ 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 ~~may 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 ~~may 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. ~~As we deem advisable,~~ 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) ~~We may~~and provide you with additional guidance and training based on the results of these inspections and/or audits.

6. If requested by you, we ~~may~~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

TRAINING PROGRAM			
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 **years**-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.

- (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.

~~You agree that we are the sole and exclusive owner of all copyrights and any and all advertising and promotional material prepared by us or on our behalf and shall at all times remain our property.~~

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.

~~You acknowledge and agree that we~~ 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 ~~the Approved sSuppliers we specify (which may include or be limited to us and/or our affiliates)~~ (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.

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 sublicense 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.

~~Although we have not filed applications for copyright registrations for all items, we~~ 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 ~~franchised sushi bars, or Asian food bars~~ Perfect Skating businesses which may be communicated to you, including techniques, ~~recipes,~~ 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). ~~We will disclose proprietary recipes and preparation methods to you necessary to operate a Franchised Business, but we are not required to disclose contents of proprietary seasonings, ingredients and mixes that are purchased from approved suppliers.~~ 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. ~~Your Principal, manager and other employees may be required to enter into an agreement not to compete with Franchised Businesses under the System and an agreement not to reveal confidential information obtained in the course of their employment with you. You must not use any proprietary or confidential information or Proprietary Marks, including any processes, procedures, recipes, and formulas, for any purpose other than the operation of your Franchised Business and must take all steps necessary to prevent any other use of them.~~

v. Choice of forum	1.6(c)	<u>Subject to applicable state law</u> , Ontario, Canada
w. Choice of law	1.5	<u>Subject to applicable state law</u> , T 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.

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

(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

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

~~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.~~ 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 ~~S~~sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with ~~S~~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 ~~F~~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 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.

89. 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.

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

1011. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

1112. 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: _____