# FRANCHISE DISCLOSURE DOCUMENT

**Driverseat, Inc.**
a Delaware corporation
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Driverseat businesses provide various driving services to customers within a territory, including designated driver services, special events chauffeuring, assisted transport, and car relocation services ("Driverseat Business(es)").

The total investment necessary to begin operation of a Driverseat Business ranges from $41,729 to $68,457. This includes between $30,379 and $41,057 that must be paid to the franchisor or its affiliate. Driverseat area developers acquire the right to develop multiple Driverseat Businesses in a designated development area. The total investment necessary to begin operation of a Driverseat area developer business will depend on the number of Driverseat Businesses to be opened. The total investment necessary to begin operation of a Driverseat area developer business operating three franchises ranges from $113,187 to $163,371, including $77,137 to $79,171 that must be paid to the franchisor or its affiliates. For each additional Driverseat Business opened under an area development agreement, you will pay the same costs as a single franchise, but the development fee will be $30,000 for each of the first and second Driverseat Businesses, and discounted to $8,000 for the third and subsequent Driverseat Businesses.

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 a payment to, the franchisor or an affiliate 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 Operations Department at info@driverseatinc.com, 259 Gage Avenue, Kitchener, Ontario Canada N2M 2C9 or 1-855-374-8390.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

**ISSUANCE DATE: December 29, 2022**

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## How to Use This Franchise Disclosure Document

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

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

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

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


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**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.


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## 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 and Area Development Agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Ontario, Canada. Out of state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in Ontario, Canada than in your own state.

2. **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.

3. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of ay territorial rights you are granted, termination of your franchise, and loss of your investment.

4. **Mandatory Minimum Payments**. You must make mandatory minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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

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**NOTICE REQUIRED BY**
**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.**

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that the 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 terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

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



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(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

**The fact 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 Department of Attorney General, State of Michigan, G. Mennen Williams Building, Floor 1, 525 West Ottawa Street, Lansing, Michigan 48913, telephone (517) 335-7644.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**



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EXHIBITS:

| | |
|---|---|
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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT H.



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

To simplify the language in this Franchise Disclosure Document, "DSI" and "we," "us," and "our" means Driverseat, Inc., the franchisor. "You," "your," and "Franchisee" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from DSI.

The Franchisor, Predecessors, and Affiliates

DSI is a Delaware corporation formed on June 12, 2015. We operate under our corporate name and the name "Driverseat" and no other name. Our principal business address is 259 Gage Avenue, Kitchener, Ontario Canada N2M 2C9. We began offering franchises for Driverseat Businesses ("Franchise(s)" or "Driverseat Franchise(s)") in June 2019. We have not and do not operate any franchises like those described in this Franchise Disclosure Document, or in any other line of business. We do not conduct any other business other than franchising Driverseat Businesses. We have no parents or predecessors.

We have two (2) affiliates. Driverseat Inc. ("Driverseat Inc. (Canada)") is a federally registered corporation formed in July 2012 in Canada. Its principal address is the same as ours. It has offered franchises for businesses that are substantially the same as the franchises being offered under this Franchise Disclosure Document in Canada since December 2012. LNB Services Inc. ("LNB") is a federally registered corporation formed on March 18, 2016, in Canada. Its principal business address is the same as ours. LNB provides certain products and services to franchisees, which as of the date of this Franchise Disclosure Document, include the VOIP phone systems and services and chauffeur uniforms that we require franchisees to purchase, as well as certain other business and promotional items that it offers and you may choose to purchase. LNB also offers VOIP services to other businesses other than our franchisees.

Other than as noted above, Driverseat Inc. (Canada) and LNB do not conduct any other business, and do not and have not offered franchises in any line of business other than as described above. As of August 31, 2022, the end of our last fiscal year, Driverseat Inc. (Canada) sold 61 franchises in Canada, 43 of which were open and operating as of the end of our last fiscal year. Driverseat Inc. (Canada) operates one business similar to the type being offered under this Franchise Disclosure Document. Driverseat Inc. (Canada) also owns and licenses the intellectual property to us.

Our agent for service of process in Delaware is Harvard Business Services, Inc., 16192 Coastal Highway, Lewes, DE 19958. Our other agents for service of process are disclosed on Exhibit A.

The Franchise

We offer Franchises for the use of our "Driverseat" trademarks, trade names, service marks, and logos ("Marks") for the operation of Driverseat Businesses. Driverseat Businesses are operated under our proprietary Driverseat methods, services, products, uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, modified, further developed, and improved ("System"). Driverseat Businesses operating under the System and Marks may also be referred to in this Franchise Disclosure Document as a "Terminal." Driverseat Businesses provide various driving services to customers within a territory, including designated driver services, special events chauffeuring, assisted transport, and car relocation services to the general public. You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C ("Franchise Agreement"). You may operate one (1) Driverseat Business for each Franchise Agreement you sign.



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We also offer to select qualified persons ("Area Developers") the opportunity to sign our area development agreement attached to this Franchise Disclosure Document as Exhibit D ("Area Development Agreement") and acquire the right to develop multiple Driverseat Businesses in a designated development area ("Development Territory") in accordance with a specified development schedule ("Development Schedule"). The Development Territory will be established based on the population of the Development Territory, geographical area, city, county and other boundaries. If you enter into an Area Development Agreement, you must sign a Franchise Agreement for your first Area Developer Business ("Initial Franchise Agreement") at the same time that you sign the Area Development Agreement. The Initial Franchise Agreement will be in the form attached as Exhibit C to this Franchise Disclosure Document. You will be required to sign our then-current form of Driverseat Franchise Agreement for each Driverseat Business that you develop under the Area Development Agreement, which may be in a different form from the franchise agreement attached to this Franchise Disclosure Document. Unless otherwise stated, any reference in this Franchise Disclosure Document to "you" or "franchisee" includes you both as an Area Developer under an Area Development Agreement and as a franchisee under a Franchise Agreement.

Market and Competition

Driverseat Businesses service the needs of the general public. Our services are not seasonal in nature. The transportation industry is competitive and well developed in most markets. Driverseat Businesses compete with other businesses that offer transportation services, including ride-share businesses, and franchised and independently owned transportation businesses. Despite this competition, we believe that Driverseat Businesses will appeal to customers because of the unique approach to and targeting of services offered. The ability of each Driverseat Business to compete is dependent on a variety of factors, including the success of your demographics, its location and characteristics, marketing, the competition in your local market, capitalization, your ability to implement your overall business plan and your management skills.

Industry-Specific Laws

In addition to laws and regulations that apply to businesses generally, many states and localities regulate transportation services and require operating certificates, licenses, or permits to conduct these businesses. This may involve an application and registration process and payment of a fee. You must obtain all necessary permits, licenses, and approvals to operate your Driverseat Business. In addition, these agencies regulate the tariffs or fares which you can charge customers. The U.S. Department of Transportation also restricts the number of hours per day you can drive and the amount of rest periods required.

You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your Driverseat Franchise, despite any advice or information we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your Driverseat Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement. We reserve the right to require that you pass a criminal, driving and financial background check, and that your employees pass a criminal and driving background checks, prior to commencing work in the Driverseat Business and on a periodic basis thereafter, that is free of any crime or offense that we believe is reasonably likely to have an adverse effect on the System or the Marks.


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## ITEM 2
## BUSINESS EXPERIENCE

Chief Executive Officer: Brian Bazely

Brian Bazely is a co-founder and has served as our Chief Executive Officer since March 2018, and prior to that served as our President from our inception in June 2015 until March 2018, in Kitchener, Ontario. Mr. Bazely is also a co-founder, and has served as Chief Executive Officer of our affiliate, Driverseat Inc. (Canada), in Kitchener, Ontario since March 2018, and prior to that served as its Director and President from its inception in July 2012 until March 2018. Mr. Bazely is also the President of Baze, Inc. and Bazely, Inc., a holding company, both located in Kitchener, Ontario, and has been since March 2008.

President: Luke Bazely

Luke Bazely is a co-founder and has served as our President since March 2018, and prior to that served as our Director and Secretary/Treasurer from our inception in June 2015 until March 2018, in Kitchener, Ontario. Mr. Bazely is also a co-founder, and has served as President of our affiliate, Driverseat Inc. (Canada), in Kitchener, Ontario since March 2018, and prior to that served as its Director and Secretary from its inception in July 2012 until March 2018. Mr. Bazely is also President of Bishop West Contracting Inc., a holding company in in Barrie, Ontario, and has been since February 2013.

Director of Franchise Support: Leanne Shanks

Leanne Shanks has served as our Director of Franchise Support since January 2020. Prior to that, Ms. Shanks served as General Manager for PropertyGuys.com in Toronto, Ontario from April 2018 to January 2020, and as Manager of Franchise Support for PropertyGuys.com in Moncton, New Brunswick from March 2006 to March 2018. She serves in her current capacities in Kitchener, Ontario.

## ITEM 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5
## INITIAL FEES

*Initial Franchise Fee*

You must pay us an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement. The Initial Franchise Fee varies based on the population of the Territory (as defined in Item 12 below, according to the following table:


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| Initial Franchise Fee | Level | Number of Individuals In Your Territory |
|---|---|---|
| $20,000 USD | "Level 1" | Up to 30,000 |
| $25,000 USD | "Level 2" | 30,001 – 70,000 |
| $30,000 USD | "Level 3" | 70,001 – 100,000 |

*Development Fee*

Franchisees may also purchase the rights to open multiple Driverseat Businesses by signing our Area Development Agreement and paying a development fee ("Development Fee"). The Development Fee is $30,000 USD for each of the first and second Driverseat Businesses, and $8,000 USD for the third and subsequent Driverseat Businesses. The minimum number of Driverseat Businesses you must commit to opening under an Area Development Agreement is three (3).

We calculate the Development Fee uniformly for all franchisees, but the total amount of the Development Fee will vary depending on the number of Driverseat Businesses to be developed under the Area Development Agreement. The Development Fee, payable when you sign the Area Development Agreement, is deemed fully earned by us once paid and is non-refundable under any circumstances, even if you fail to open any Driverseat Businesses. To open additional Driverseat Businesses under an Area Development Agreement, you will be required to sign the then-current Driverseat Franchise Agreement.

We have a veterans program that offers reduced franchise and development fees to current members of the United States or Canadian military, and veterans who received an honorable discharge from a branch of the United States or Canadian military. If you qualify for this discount, we will reduce the Initial Franchise Fee or Development Fee by 10%.

In our last fiscal year, we collected one Initial Franchise Fee of $30,000, reflecting our then-current fee for a Level 3 territory, and one Development Fee of $61,000 for the purchase of three Driverseat Businesses, which was discounted at the request of the franchisee.

*Onboarding and Training Fee*

Upon signing a Franchise Agreement in conjunction with your first Driverseat Business, you must also pay us an Onboarding and Training fee of $10,000 USD for you (or your principal owner) and the employees that you designate (subject to availability) to attend our initial training program and obtain access to our online training materials. This fee is nonrefundable under any circumstances.

*Other Required Purchases*

You must also purchase your phone system and uniform packages from our affiliate, LNB. Initial charges for your phone system will range from $79 to $157 CAD, which includes a setup charge and monthly service charges for a period of one (1) to three (3) months. Your uniform packages will cost between $300 and $900 CAD. These fees are uniformly imposed and nonrefundable, and are due at the time you order the product after signing the Franchise Agreement. These items will be delivered to you prior to the opening of your Driverseat Business.


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All Initial Franchise Fees and other fees described in this Item are fully earned by us when paid and are not refundable under any circumstances, even if you fail to open a Driverseat Business. Unless otherwise agreed to, by way of example, through a franchise sales promotion, or otherwise, all Initial Franchise Fees are uniform.

## ITEM 6
## OTHER FEES

| Type of Fee[(1)] | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty | <table><tr><th>Level</th><th>Royalty</th></tr><tr><td>1</td><td>$339 USD</td></tr><tr><td>2</td><td>$389 USD</td></tr><tr><td>3</td><td>$439 USD</td></tr></table> | Due on the 1st day of each month | "Royalties" are based on what level Franchise you purchased. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance. Veterans who qualified for our veterans program and paid a reduced Initial Franchise Fee or Development Fee receive a 10% discount on the Royalty. |
| Per Vehicle Royalty | $175 USD per month per Vehicle for each Vehicle in excess of your first Vehicle | Same as Royalty | In addition to the Royalty described above, you will also pay a monthly Per Vehicle Royalty fee based on the number of Driverseat-approved Vehicles used for approved services by your Driverseat Business. You will pay a Per Vehicle Royalty fee of $175 USD for each Vehicle in excess of your first Vehicle. As used in this Disclosure Document, the term "Royalty Fees" means both the Royalty and the Per Vehicle Royalty fee. We reserve the right to adjust the Per Vehicle Royalty fees on an annual basis in proportion to the changes in the Consumer Price Index for the U.S., as specified from time to time by the U.S. Bureau of Labor Statistics as compared to the previous year and the amount rounded to the nearest dollar. |
| Advertising Fund | Upon establishment of an Advertising Fund, up to $300 USD per month | Same as Royalty | As of the date of this Franchise Disclosure Document, we have not established an Advertising Fund but reserve the right to do so upon notice to you. The "Advertising Fund" is discussed in Item 11. We may also offer additional advertising services or package that you can choose to purchase from us. |


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| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Local Advertising Payment | The difference between the amount you spent on local advertising each month and your required local advertising expenditure ($300 USD per month) | Payable after receipt of invoice | If you fail to meet your required local advertising requirement of $300 USD per month on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Advertising Fund, if established. If you fail to meet the Minimum Sales Volume (as defined in Item 11), you will be required to spend $600 USD per month until you meet the requirement. |
| Software License Fee | The then-current fee (currently, $199 USD per month). We may increase this fee upon notice to you; provided that this fee will not exceed $350 USD per month during the initial term of your Franchise Agreement | Same as Royalty | This fee will cover certain software and other technologies used in the operation of your Driverseat Business. This fee currently includes e-mail management and data management systems, including cloud based storage, website hosting, access to our electronic systems, and license and development of the various components associated with the mobile app. We reserve the right to increase this fee. We reserve the right to upgrade, modify, and add new technology and/or software. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software. |
| Business VOIP Phone System | The then-current fee (currently $39-49 CAD per month) plus excess usage charges. We may increase this fee upon notice to you. See Note 3. | Monthly when due | This is the phone system you must use, and you must purchase it from our designated supplier, which is an affiliate of ours. |
| Vehicle Software Fee | The then-current fee (currently $40 USD per Vehicle per month) | Same as Royalty | This additional fleet tracking service is currently optional, but we reserve the right to require it in all Vehicles. The Vehicle Software Fee may be increased upon notice to you, provided that it will not exceed $85 per Vehicle per month during the initial term of your Franchise Agreement. |
| Unauthorized Advertising Fee | $500 USD per occurrence | Upon demand | This fee is payable to the Advertising Fund, if established, or to us if you use unauthorized advertising in violation of the terms of the Franchise Agreement. |


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| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Prohibited Product, Service, Supplier Fee | $250 USD per day of offering or using unauthorized products or services | If incurred | This fee is payable to us in the event that you offer or provide any unauthorized products or services from your Driverseat Business, or use any unauthorized supplier. This in addition to other remedies available to us. This may not be enforceable under state law. |
| Audit Expenses | Cost of audit and inspection, including any related accounting and legal expenses, any understated amounts, plus late fee of one and one-half percent (1.5%) interest per month on understatement | 10 days after billing | You will be required to pay this if you do not give us reports, supporting records, or other required information, or if an audit reveals an understatement or underreporting of any revenue) in the time period audited. You must also pay any understated amount, plus interest. |
| Transfer of Franchise Agreement | $3,500 USD if the transfer is to a third party; $2,000 USD if the transfer is to an existing Driverseat franchisee; or legal costs incurred if you transfer your Driverseat Business to an entity wholly owned by you | $1,000 USD non-refundable deposit at time of transfer application submittal; remaining balance at time of approved transfer | This is payable only in connection with the transfer of your Driverseat Business or the Franchise Agreement. Any transferee must also pay the Onboarding and Training Fee described in Item 5. |
| Service Charge | Up to 5% of total charge | As incurred | If payment is made to us or our affiliates by credit card for any fee required, we may charge a service charge of up to five percent (5%) of the total charge. |
| Ongoing Training Fees / Additional Assistance | Then-current fee (currently approximately $500 USD per attendee per day), plus expenses | As incurred | We provide initial training at no charge for certain persons, but we may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training we determine you need, in our discretion, or that you request. The fee amount will depend on the training required and experience level of the trainer. |


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| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Interest on Late Payments | The lesser of 1.5% per month (or the highest commercial contract interest rate permitted by law) | Upon demand | Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full. |
| Late Payment Fee | $65 USD on first occurrence; and $150 USD for every occurrence that follows | Upon demand | Payable only if you do not pay any amount required to be paid to us under the Franchise Agreement by the date it is due. |
| Standard Default Fee | Up to $250 USD per violation | Upon demand | In addition to any rights and remedies we may have under the Franchise Agreement, if you breach certain provisions of your Franchise Agreement and fail to cure the default during the applicable cure period, you must pay us up to $250 USD per month until the default is cured to offset our expenses incurred to address the default. |
| Peer Compliance Committee Fee | Up to $1,000 USD per violation | Immediately after notice from us | If you breach certain provisions of your Franchise Agreement, we can submit the default to a "Peer Compliance Committee" made up of other franchisees. If they determine a breach occurred, they may levy a fine against you of up to $500 USD. If you do not timely cure, or breach the provisions again, the next fine can be up to $1,000 USD and can continue to increase thereafter. We will donate all fines to a charity. |
| Indemnification | Varies under circumstances | As incurred | You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Driverseat Business or Franchise. |
| Customer Issue Resolution | Reasonable costs we incur for responding to a customer complaint, which varies | Upon invoice | Payable if a customer of your Driverseat Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue. |


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| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Cost of Enforcement or Defense | All costs, including accounting and attorney fees | Upon settlement or conclusion of claim or action | You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement. |
| Failure to Submit Required Report Fee | $100 USD per occurrence, plus $100 USD per week until the report is submitted | Your bank account will be debited for failure to submit any requested report within five (5) days of request | Payable if you fail to submit any required report or financial statement in the prescribed format when due. Fines collected are paid to the Advertising Fund, if established, or us. You will continue to incur this fee until you submit the required report. |
| Returned Check or Insufficient Funds Fee | The greater of $100 USD per occurrence, or the highest amount allowed by law | As incurred | Payable if any check, EFT payment, or credit card payment is not successful due to insufficient funds, stop payment, or any similar event. |
| Successor Franchise Fee | $2,000 USD | At the time you sign the successor franchise agreement | Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. This fee is also commonly referred to as a "renewal fee." |
| Convention Fee | Then-current fee, which is currently $480 - $660 CAD per person based on in person attendance | Same as Royalty | This fee is payable to us in 12 monthly installments, currently $40 CAD per month. This fee is non-refundable and paid to us to help defray the cost of your mandatory attendance at any annual convention that we choose to hold and is due regardless of whether or not you attend our annual convention in any given year. We reserve the right to increase this fee. You will also be responsible for all of your attendees' travel expenses, living expenses, and, if applicable, their resort passes and/or additional conference passes. If you do not attend our convention, you must purchase our required materials used for training in lieu of the convention at our then-current price, which as of the date of this Franchise Disclosure Document, are available at the cost of $2,000 USD. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Participation Fees | Up to $1,000 USD if you fail to complete 1,500 continuing engagement credits each year, as outlined in our Operations Manual. See Note 4. | During the first quarter of each fiscal year | We will donate these fees to fund our subsidy of any annual convention that we choose to hold or to fund additional training and/or participation awards as we may determine in our discretion. |
| Supplier and Product Evaluation Fee | Cost of inspection and test of sample (we estimate this cost to be between $100 and $500 USD) | As incurred | Payable if we inspect or test a new product, service, or proposed supplier nominated by you. |
| Insurance | Reimbursement of our costs, plus a 20% administration charge | Upon demand | You must maintain insurance in accordance with our System standards and you must pay your premiums as required. If you fail to obtain insurance, we have the option to obtain insurance for you and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance. |
| Tax Assessment | Our actual expenses | Upon demand | Payable only if there is a withholding tax, sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed against us with respect to any payments you make to us under the Franchise Agreement. |
| Liquidated Damages | See Note 2 | Within 15 days of termination of your Franchise Agreement for cause | You must pay this fee if we terminate your Franchise Agreement for cause. |

Notes:

1. Fees. All fees paid to us or our affiliates, unless otherwise noted, are uniform and are non-refundable. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay certain fees and other amounts due to us or our affiliates by providing us, on an annual basis, with 12 post-dated checks covering the upcoming 12 months, each written in an amount to cover one month's Royalty Fees, Vehicle Software Fee, and Software License Fee. We reserve the right to collect these fees and other amounts due to us or our affiliates via electronic funds transfer ("EFT") or other similar means, such as via credit card, and you must complete the EFT and Credit Card Authorization (in the form attached to this Franchise Disclosure Document in Exhibit I). We can require an alternative payment method or payment frequency for any fees or amounts owed to us under the Franchise Agreement. If you enter into an Area Development Agreement to operate multiple Driverseat Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each Driverseat Business. All fees are current


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as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. None of the amounts above include any applicable taxes, which taxes are your responsibility unless otherwise indicated. The Convention Fee and fees for the business VOIP phone system and service will be paid in Canadian Dollars (CAD). All other fees and expenses listed in this chart reflect payments in United States Dollars (USD). If established, company and affiliate owned Driverseat Businesses will not be required to pay Royalty Fees, or other fees, but they will be required to contribute to the Advertising Fund on the same basis as similarly situated franchisees. Company and affiliate owned Driverseat Businesses, if established, will not have a specific local advertising requirement, however they will make expenditures in local advertising programs as appropriate. You will also be responsible to pay credit card processing and transaction fees to our mobile app credit card processor to cover the fees for credit card processing, which currently range between 2.9% and 4.9% of the sale. Factors that affect the processing fee include the credit card company used and the size of the individual sale.

2. If we terminate your Franchise Agreement due to your breach, in addition to other amounts owed, you must pay us within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fees, Vehicle Software Fee, Advertising Fund contributions, Software License Fees, and any other amounts you paid or owed to us during the 12 months of operation preceding the effective date of termination (provided that if your Driverseat Business was not open during this entire 12 month period, we may use the average amount of such fees paid to us by franchisees in the System during such time period) multiplied by (a) 24 (being the number of months in two (2) full years), or (b) the number of months remaining in the Franchise Agreement had it not been terminated, whichever is lower.

3. Monthly phone system fees include 300 minutes of talk time. Texts and extra minutes of talk time are subject to additional fees at our then current rates, which currently are 2 cents per text and 7 cents per additional minute of talk time.

4. You are required annually to obtain at least 1,500 continuing engagement credits, to earn "Driverseat Engagement Points," in ongoing training programs that we have or may develop applicable to the launch and initial operations of your Driverseat Business, and you must complete this training to our satisfaction. These programs will be offered virtually. The credits are not tied to hours, but to specific events or participation you have in the Driverseat system, which include, as examples, webinars, periodic meetings, coaching sessions, and/or the attendance of additional personnel of your Terminal(s) at our annual conference, should we choose to hold one. Except for the cost for additional persons to attend an annual conference, there are no additional fees for receiving continuing engagement credits, but you are responsible for any expenses you or your employees incur in completing any activity. We encourage you to earn more than 1,500 credits annually and we will explore options to reward and recognize top performers. However, if you fail to meet the minimum requirements in any year, you must pay us a fee as follows: If you earn fewer than 500 credits, you must pay a fee of $1,000 USD; if you earn between 500 and 999 credits, you must pay a fee of $750 USD; and if you earn between 1,000 and 1,499 credits, you must pay a fee of $500 USD. We will use fees collected to fund our subsidy of any annual convention we choose to hold or to fund additional training and/or participation awards as we may determine in our discretion. We will prorate the requirement, and the fee, during the first year you operate.


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## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

**Single Driverseat Franchise**

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is to be Paid |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee | $20,000 USD | $30,000 USD | Lump Sum | Upon Signing Franchise Agreement | Us |
| Onboarding and Training Fee | $10,000 USD | $10,000 USD | Lump Sum | Upon Signing Franchise Agreement | Us |
| Computer Equipment [(1)] | $0 USD | $900 USD | As Incurred | Before Opening | Third Parties |
| Grand Opening Advertising[(2)] | $2,000 USD | $2,000 USD | As Incurred | As Incurred | Third Parties |
| Business Licenses and Permits[(3)] | $1,000 USD | $4,000 USD | Before Opening | Before Opening | Government Agencies |
| Professional Fees | $500 USD | $4,000 USD | As Incurred | As Incurred | Third Parties |
| Insurance[(4)] | $350 USD | $500 USD | As Agreed | As Incurred | Insurance Companies |
| Training Expenses[(5)] | $500 USD | $2,500 USD | As Incurred | As Incurred | Third Parties |
| Vehicle Down Payment[(6)] | $2,000 USD | $5,000 USD | As Incurred | Before Opening | Approved Suppliers |
| Vehicle Wrapping[(7)] | $3,000 USD | $4,000 USD | As Agreed | Before Opening | Designated Supplier |
| Uniform Package | $300 CAD | $900 CAD | Lump Sum | Before Opening | Us, Our Affiliate, or Approved Suppliers |
| Print Material | $1,000 USD | $2,000 USD | As Incurred | As Incurred | Third Parties |
| Business VOIP Phone System and Service [(8)] | $79 CAD | $157 CAD | As Agreed | As Incurred | Us, Our Affiliate, or Approved Suppliers |


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| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is to be Paid |
|---|---|---|---|---|---|
| | Low | High | | | |
| Additional Funds – For Initial 3 Months of Operation[(9)] | $1,000 USD | $2,500 USD | As Agreed | As Incurred | Third Parties |
| TOTAL ESTIMATED INITIAL INVESTMENT[(10)] | $41,729 | $68,457 | | | |

Notes:

Expenses for the uniform package and business VOIP phone system and service will be paid in Canadian Dollars (CAD). All other expenses listed in this chart reflect payments in United States Dollars (USD). Therefore, the total amounts reflect a mix of both Canadian Dollars and United States Dollars.

We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Driverseat Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Driverseat Franchise may be greater or less than the estimates given, depending upon the location of your Driverseat Business, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Computer Equipment, Software, and Internet Service. This estimate is the cost of obtaining the required computer hardware and software. You may use a computer that you already own.

2. Grand Opening Advertising. These are expenses related to the preparation of the location for scheduled grand opening, such as advertising flyers, staff training, 'dry runs,' opening cash tills, etc.

3. Business Licenses and Permits. You must obtain the licenses and permits that are required by your city, county, and state to operate the Driverseat Business.

4. Insurance. You must obtain and maintain, at your own expense, certain types and amounts of insurance, as specified in the Confidential Operations Manual. This estimate contemplates insurance costs for three (3) months. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Driverseat Business, your rates may be significantly higher than those estimated above.

5. Training Expenses. This estimates the expenses you will incur in completing our initial training program, including travel expenses. The cost of the initial training for you and a reasonable number


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of your employees is included in the Onboarding and Training 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.

6. Vehicle Down Payment. You are required to obtain at least one (1) vehicle ("Vehicle") for the operation of the Driverseat Business. The Vehicle will be used to provide all approved driving services. As of the issuance date of this Franchise Disclosure Document, we require that the Vehicle that is a new model from one of our designated manufacturers. This estimate provides a down payment only for one (1) standard sized Vehicle, and does not include an estimate of monthly lease or financing payments. Any vehicle that you use must meet our standards and must at all times be kept clean and in good working order. You must make sure that each person providing those services will comply with all laws, regulations, and rules of the road, and will use due care and caution operating and maintaining the motor vehicle(s). Except as described in this Franchise Disclosure Document, we do not exercise control over any motor vehicle that you use. Costs related to the Vehicle vary depending on whether you purchase or lease the Vehicle.

7. Vehicle Wrapping. You are required to wrap your Vehicle as a Driverseat-branded vehicle at all times during the term of the Franchise Agreement.

8. Business VOIP Phone System and Service. You are required to pay a monthly service charge for voice over IP from our approved supplier, which is an affiliate of ours. The estimates above include three (3) to six (6) months' charge including text usage.

9. Additional Funds. This estimates your initial start-up expenses (other than the items identified separately in the above table). You will need additional capital to support on-going expenses to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount shown in the chart above will be sufficient to cover on-going expenses for the start-up phase or initial period of the business, which we calculate to be three (3) months. Such amounts are the minimum recommended levels and are only estimates. These expenses include payroll costs and other operating costs, but not any draw or salary for you. These figures do not include standard pre-opening expenses, Royalty Fees, or Advertising Fund contributions payable under the Franchise Agreement or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. These figures are estimates, and we cannot guarantee you will not have additional expenses starting your Driverseat Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; competition; and the sales level reached during the initial period.

10. Figures May Vary. This is an estimate of your initial start-up expenses for one (1) Driverseat Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.


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## YOUR ESTIMATED INITIAL INVESTMENT

### Area Developer Franchise

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is to be Paid |
|---|---|---|---|---|---|
| | Low | High | | | |
| Development Fee[(1)] | $68,000 USD | $68,000 USD | Lump Sum | Upon Signing Area Development Agreement | Us |
| Onboarding and Training Fee | $10,000 USD | $10,000 USD | Lump Sum | Upon Signing Area Development Agreement | Us |
| Initial Investment for the First Driverseat Business[(2)] | $11,729 | $28,457 | As Incurred | As Incurred | Us, Our Affiliate, or Approved Suppliers, and Third Parties |
| TOTAL ESTIMATED INITIAL INVESTMENT FOR THREE (3) DRIVERSEAT BUSINESSES[(3)] | $113,187 | $163,371 | | | |

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. Development Fee. This fee is discussed in Item 5. The Development Fee assumes you will open the minimum of three (3) Driverseat Businesses. For each additional Driverseat Business opened under an Area Development Agreement, you will pay the same costs as a single Driverseat Franchise, but the Development Fee will be discounted to $8,000 USD for the third and each subsequent Driverseat Business.

2. Other Expenditures for First Driverseat Business. These are the estimates to build-out your first Driverseat Business. Costs associated with building out additional Driverseat Businesses are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs. Expenses for the uniform package and business VOIP phone system and service will be paid in Canadian Dollars (CAD). All other expenses listed in this summary reflect payments in United States Dollars (USD). Therefore, the estimated cost to build out your Driverseat


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Business(es), as well as the total estimated initial investment listed in this chart, reflect a mix of both Canadian Dollars and United States Dollars.

3. Figures May Vary. This is an estimate of your initial startup expenses for an Area Developer Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

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

Standards and Specifications

To ensure the highest degree of quality and service is maintained, you must operate your Driverseat Franchise in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual ("Confidential Operations Manual"), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System.

Our Confidential Operations Manual states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Driverseat Franchise, including the Vehicle(s) you will utilize in operating your business, or we may issue them separately. We are free to modify any of our methods, standards, specifications and requirements at our discretion. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Confidential Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information. We have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential.

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, branded items, equipment, signs, supplies, technology systems, payment processing services, and other products (collectively, the "Operating Assets") that conform to the standards and specifications described in the Confidential Operations Manual or otherwise in writing.

You must use the computer hardware and software (collectively referred to as the "Computer System") that we periodically designate to operate your Driverseat Business. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify (which may be limited to us and/or our affiliates).

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Driverseat Business is located, and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. Our minimum insurance requirements currently are:


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(a) workers' compensation insurance in amounts prescribed by law in your Territory (if required by law);

(b) comprehensive general liability insurance coverage not less than $1,000,000, insuring both you and us against all claims, suits, obligations, liabilities and damage, including attorney fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the vehicle and operation of the Driverseat Business;

(c) automobile vehicle liability insurance covering the driving of each vehicle in an amount of not less than $2,000,000 per vehicle; and

(d) such additional insurance as we may periodically require.

While we do not have specifications for local advertising you create to promote your Driverseat Business, you must obtain our approval before you use any advertising materials you prepare, and before you establish any online presence and/or social networking site, profile, account, or hashtag that refers to us, your Driverseat Business, or the System. Your local advertising must comply with our then current Social Media policy.

Purchases from Approved Suppliers

We may require you to purchase certain products, equipment, vehicles, signage, initial inventory, materials, supplies, and services and other items in establishing and operating your Driverseat Franchise from vendors we approve, in which case we will provide you with a list of approved suppliers. We and our affiliates may be the only approved supplier of these certain items. We and our affiliates may derive revenue from these sales and may sell these items at prices exceeding our or their costs.

Our affiliate, LNB is the only approved supplier of the uniforms, which are made for our System using our proprietary designs, and business VOIP phone system that we require you to purchase, and you must also use an approved vendor for the installation of this phone system. We or one or our affiliates may offer optional marketing services which you may opt to participate in. You must also utilize the software, technology, and mobile app we have established for the System, and pay us the Software License Fee in exchange for the license of this app and other technology components of your Driverseat Business. If you choose to use the additional fleet tracking service, you will use a designated vendor for the software and pay us the Vehicle Software Fee in exchange for the software license. As of the date of his Disclosure Document, the additional fleet tracking service is optional, but we reserve the right to require it in all Vehicles. You must also use our mandatory supplier of the vehicle wrap you will use to wrap your vehicle as a Driverseat-branded vehicle. If you choose to utilize a larger capacity Vehicle, you must use our mandatory supplier that manufactures the larger capacity Vehicles to our specifications. We do not intend to approve another supplier for these items. We intend to have a reasonable wholesale mark-up on any items or services we sell to you, including the items described above.

During our last fiscal year, which ended August 31, 2022, we did not receive any revenue as the result of the required purchase or leases by franchisees. Additionally, during our last fiscal year, our affiliate LNB received $3,980.78 CAD as a result of required purchases or leases by franchisees. Other than us and our affiliates, none of our officers has an ownership interest in any approved supplier.

We and our affiliates may receive rebates or other consideration from suppliers in consideration for products or services that we require or advise you to obtain from approved suppliers, and we reserve the


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right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments.

You must purchase certain products, equipment, supplies, and materials only from approved suppliers (including manufacturers, wholesalers, and distributors). We estimate that approximately twenty-five percent (25%) of purchases required to open your Driverseat Business and thirty percent (30%) of purchases required to operate your Driverseat Business will be from us or from other approved suppliers, and under our specifications.

We do not have purchasing and distribution co-operatives as of the Issuance Date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates or volume discounts from our purchase of products we may resell to you. We do not provide material benefits, such as renewing or granting additional franchises to franchisees based on their use of designated or approved suppliers. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee purchases.

Approval of New Suppliers

We may update the list of approved suppliers in the Confidential Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. We reserve the right to charge a fee to evaluate the proposed supplier of approximately $100 to $500 USD per evaluation (See Item 6). We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within six (6) months, we generally respond to a request for an additional approved supplier within sixty (60) days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier. When approving suppliers, we generally consider various factors including whether the product or service is consistent with our concept and brand; how the supplier and/or their products or services would enhance our brand; if the product or service is already available through other sources, would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; and is the product of a commercial quality with a proven record of durability.

*[Remainder of page intentionally left blank]*


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## ITEM 9
## FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the 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.**

| Obligation | | Section(s) In Franchise Agreement and Area Development Agreement | Item in Disclosure document |
|---|---|---|---|
| (a) | Site selection and acquisition/lease | Franchise Agreement Section 3.A | Items 7, 8, 11, and 12 |
| (b) | Pre-opening purchases/leases | Franchise Agreement Sections 3.B, 3.C, 3.D, 3.F, 4, and 9 | Items 5, 7, 8, and 11 |
| (c) | Site development and other pre-opening requirements | Franchise Agreement Sections 3.A, 3.B, 3.C, 3.D, and 3.E | Items 7, 8, and 11 |
| (d) | Initial and ongoing training | Franchise Agreement Sections 5.A, 5.B, and 5.C | Items 6, 7, and 11 |
| (e) | Opening | Franchise Agreement Section 3.F; Area Development Agreement Sections 1, 3.1, and Attachment A | Item 11 |
| (f) | Fees | Franchise Agreement Sections 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, and Attachment A; Area Development Agreement Sections 1, 4, and 6.2 | Items 5 and 6 |
| (g) | Compliance with standards and policies/Operating Manual | Franchise Agreement Sections 3, 5.D, and 9 | Items 8, 11, and 16 |
| (h) | Trademarks and proprietary information | Franchise Agreement Sections 2, 6, 7, and 9; Area Development Agreement Section 2 | Items 13 and 14 |
| (i) | Restrictions on products/services offered | Franchise Agreement Sections 2.B and 9 | Items 8, 11, 12, and 16 |
| (j) | Warranty and customer service requirements | Franchise Agreement Section 9 | Item 8 |
| (k) | Territorial development and sales quotas | Franchise Agreement Sections 2 and 10; Area Development Agreement Sections 1, 3, and Attachment A | Item 12 |
| (l) | Ongoing product/service purchases | Franchise Agreement Sections 3.B, 3.C, 3.D, and 9 | Items 6 and 8 |
| (m) | Maintenance, appearance and remodeling requirements | Franchise Agreement Sections 3, 9, 13, and 14 | Items 8, 11, 16, and 17 |
| (n) | Insurance | Franchise Agreement Section 9.G | Items 7 and 8 |


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| Obligation | Section(s) In Franchise Agreement and Area Development Agreement | Item in Disclosure document |
|---|---|---|
| (o) Advertising | Franchise Agreement Section 10 | Items 6, 7, 8, and 11 |
| (p) Indemnification | Franchise Agreement Section 17.D | Item 6 |
| (q) Owner's participation/ management/staffing | Franchise Agreement Sections 1.C, 5.F, and 9.F | Items 11 and 15 |
| (r) Records and reports | Franchise Agreement Section 11 | Item 11 |
| (s) Inspections and audits | Franchise Agreement Sections 3.E, 9, and 12 | Items 6 and 11 |
| (t) Transfer | Franchise Agreement Section 13; Area Development Agreement Section 6 | Item 17 |
| (u) Renewal | Franchise Agreement Section 14 | Item 17 |
| (v) Post-termination obligations | Franchise Agreement Section 16; Area Development Agreement Section 7 | Item 17 |
| (w) Non-competition covenants | Franchise Agreement Sections 8 and 16.D; Area Development Agreement Section 10 | Items 15 and 17 |
| (x) Dispute resolution | Franchise Agreement Section 18; Area Development Agreement Section 8 | Item 17 |

## ITEM 10
## FINANCING

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

## ITEM 11
## FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING

**Except as listed below, DSI is not required to provide any assistance to you**.

Pre-opening Obligations

Before you open your Driverseat Business, we (or our affiliates or designee(s)) will provide the following assistance and services to you:

1. You will be required to open an office, and if we have an office design manual we will provide it to you. If you are an Area Developer, we will designate your Development Territory when you sign the Area Development Agreement.

2. Provide mandatory and discretionary specifications for your Driverseat Business, including standards and suggested criteria for design, image, and branding of marketing materials, and other trade dress (See Franchise Agreement – Sections 3 and 5.D).

3. Identify Operating Assets, Computer System, and other products and supplies you must use to develop and operate your Driverseat Business; establish minimum standards and specifications you must satisfy while operating your Driverseat Franchise; and identify the designated and approved suppliers from whom you may be required to purchase and/or lease items for your Driverseat Franchise (See Franchise Agreement – Sections 2, 3, 5.D and 9). We and our affiliates will supply you with uniforms and a business VOIP phone system, and such other items as we may require. Other than these items, we do not currently deliver or install any equipment, signs, fixtures, opening inventory and supplies.

4. Make available to you on our System website or intranet, our Confidential Operations Manual, the current table of contents of which is attached to this Franchise Disclosure Document as Exhibit F. The Confidential Operations Manual currently contains approximately 222 pages (See Franchise Agreement – Section 5.D).

5. Provide an initial training program either virtually, in Kitchener, Ontario or another location designated by us, or some combination of these options ("Initial Training Program") for you, or your managing owner if you are an entity, designated manager (if applicable), and as many individuals as space in the program allows, subject to our approval (See below in this Item 11 and Franchise Agreement – Section 5.A for more details regarding training). If you want to have additional persons attend the initial training, you must also pay the travel expenses of each required and additional attendee of yours. The Initial Training Program is described below.

We will provide training on the System, System guidelines, and operational and brand standards. We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the Driverseat System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the Driverseat Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Driverseat Business.

6. Consult with you regarding the selection and customization of your Vehicle.

*Site Selection, Schedule for Opening*

We estimate it will take approximately six (6) weeks to open the Driverseat Business after you sign the Franchise Agreement, but you must be open and operating after no more than ninety (90) days. This estimate assumes you will begin your operations working from your home before opening a commercial office location. Factors such as the ability to obtain a Vehicle and obtaining financing affect the time it takes to open a Driverseat Business. Within sixty (60) days after signing the Franchise Agreement, you must have received any regulatory approval that may be required to operate within your Territory.

If you are an Area Developer, you must sign your first Franchise Agreement at the same time you sign the Area Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your first Driverseat Business under an Area Development Agreement is the same as for a single Driverseat Business. Each additional Driverseat Business you develop must be opened according to the terms of your Development Schedule.

You may launch your Driverseat Business from a home office, but within ninety (90) days after you complete the portion of initial training that takes place at the corporate headquarters of our affiliate, Driverseat Inc. (Canada), you must operate your Driverseat Business from a commercial office location that includes adequate parking for your vehicles. You will be required to renovate and outfit the office based on our then-current design manual. You are solely responsible for ensuring that your office location complies with all applicable laws, ordinances, regulations, and building codes, and for obtaining all necessary health, building, sign, and other permits, licenses and bonds as may be required for the operation of the office. If you desire to purchase or lease a site for your Driverseat Business, we must review and approve the site you propose. If we do not accept a site you propose, you may select another site, subject to our acceptance. You may not develop or open a Driverseat Business at a site that we have not approved. We will be deemed to have rejected a proposed location unless we have expressly accepted it in writing. If you do not receive our acceptance of your proposed site within ninety (90) days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the proposed site.

Continuing Obligations

During the operation of your Driverseat Business, we (or our affiliates or designee(s)) will provide the following assistance and services to you:

1. Upon reasonable request, provide advice regarding your Driverseat Business operations based on reports or inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone, or other methods in our discretion (See Franchise Agreement – Sections 5.B and 5.C).

2. Make available to you on our System website one (1) copy of the Confidential Operations Manual, which may include audio and video media, computer software, other electronic media, and/or written materials. The Confidential Operations Manual contains mandatory and suggested standards, specifications, operating procedures, and rules ("System Standards"). We may modify the Confidential Operations Manual periodically to reflect changes in System Standards (See Franchise Agreement – Sections 5.D and 9).

3. Issue and modify System Standards for Driverseat Businesses. We may periodically modify System Standards, and those modifications may require you to invest additional capital in the Driverseat Business and/or incur higher operating expenses (See Franchise Agreement – Section 9).

4. Allow you to continue to use confidential materials, including the Confidential Operations Manual and the Marks (See Franchise Agreement – Sections 6 and 7).

5. Maintain and administer one or more websites to advertise, market, and promote Driverseat Businesses, the products and services offered, and certain customers of Driverseat (each a "System Website") (See Franchise Agreement – Section 10.D).

6. Provide mobile application processing services, including sales, customer data, and reconciliation services (See Franchise Agreement – Section 4.D).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:


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1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques.

2. If we establish an Advertising Fund, in our discretion, we will maintain and administer it. We may dissolve the Advertising Fund upon written notice (See Franchise Agreement - Section 10.A).

3. Hold periodic national or regional conferences to discuss business and operational issues affecting Driverseat franchisees.

4. Provide advertising and promotional materials and services. The materials provided may include videos, copy-ready print advertising materials, posters, banners, and miscellaneous items. We reserve the right to utilize advertising developed by you for all franchisees with no payment or other compensation to you (See Franchise Agreement - Section 10).

Advertising and Marketing

*Advertising Fund*

We reserve the right to establish a system-wide fund for Driverseat Businesses ("Advertising Fund"). Upon our establishment of the Advertising Fund, you must contribute an amount up to $300 USD per month to the Advertising Fund ("Advertising Fund Contribution"). Your Advertising Fund Contribution will be paid in the same manner as the Royalty. The Advertising Fund may be used for creative concept production, marketing surveys, test marketing, social media activities, government/public relations, and related purposes.

*Use of Advertising Fund*

We will direct all programs that the Advertising Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We will account for the Advertising Fund separately from our other funds and not use the Advertising Fund for our general operating expenses.

We have no fiduciary obligation to you for administering the Advertising Fund. The Advertising Fund may allocate in any fiscal year more or less than the total Advertising Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will not use the Advertising Fund Contributions for advertising that is principally a solicitation for the sale of Franchises but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing. We will prepare an annual, un-audited statement of Advertising Fund collections and expenses and give it to you upon written request. We may have the Advertising Fund audited annually, at the Advertising Fund's expense, by an independent certified public accountant. We may incorporate the Advertising Fund or operate it through a separate entity, in our sole discretion. If the Advertising Fund is managed by a separate entity, then such entity will have all of the rights and obligations described in this Item 11.

We may use collection agents and institute legal proceedings to collect Advertising Fund contributions at the Advertising Fund's expense. We may also forgive, waive, settle, and/or compromise all claims by or against the Advertising Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Advertising Fund.


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We may defer or reduce a franchisee's Advertising Fund Contributions and, upon 30 days' prior written notice to you, reduce or suspend Advertising Fund Contributions and operations for one or more periods of any length and terminate and reinstate the Advertising Funds. If we terminate the Advertising Fund, we will distribute all unused contributions to contributing franchisees and to us or our affiliates, in proportion to respective contributions during the preceding 12-month period (See Franchise Agreement – Section 10.B).

The Advertising Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining websites that promote Driverseat Businesses and/or related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising, and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Advertising Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost.

We may use the Advertising Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Advertising Fund, the Advertising Funds' other administrative costs, travel expenses of personnel while they are on Advertising Fund business, meeting costs, overhead relating to Advertising Fund business, and other expenses we incur in activities reasonably related to administering or directing the Advertising Fund and its programs, including, without limitation, conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Advertising Fund Contributions.

The Advertising Fund is designed to maximize recognition of our Marks and Driverseat Businesses. Although we will try to use the Advertising Fund to develop advertising and marketing materials and programs and to place advertising and marketing that will benefit all Driverseat Businesses, we do not ensure that the funds from the Advertising Fund used in or affecting any geographic area will be proportionate or equivalent to Advertising Fund Contributions by contributors operating in that geographic area, or that any contributor benefits directly or in proportion to its Advertising Fund Contributions. We direct all advertising and promotional programs. All creative concepts, materials, and media used in these programs and their placement and allocation will be created by our in-house advertising department or by an outside third party.

We did not collect any Advertising Fund Contributions during our last fiscal year, which ended August 31, 2022.

*Local Advertising*

You must spend $300 USD on local advertising each month ("Local Advertising Requirement"). We have the right to require that you provide us with proof that these funds were spent. We or one or our affiliates may offer optional marketing services which you may opt to participate in at your own expense. In the event you choose to do so, such expenditures will count toward your Local Advertising Requirement. If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, or if established, the Advertising Fund. If you fail to meet the Minimum Sales Volume (as defined in Item 12 below), you will be required to spend $600 USD per month until you meet the requirement. Your local advertising must meet our then current Social Media policy.


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If established, company or affiliate owned Driverseat Businesses will not be required to spend any minimum amounts on local advertising; however, they will make expenditures in local advertising programs, as appropriate.

We do not require you to participate in any local or regional advertising cooperatives.

*Grand Opening Advertising*

You will conduct a grand opening program within your first 60 days of operation and expend at least $2,000 USD. The pre-opening advertising program must comply with our standards and specifications as set forth in the Confidential Operations Manual, and you must use advertising, marketing, and public relations programs, firms, media, and materials that we approve in writing.

*Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing*

Any advertising and promotion you conduct must be clear, not misleading, and must conform to our requirements. We have developed, and will continue to develop, marketing templates that you can customize for your Terminal at no additional charge. If you choose to develop (or have developed for you) your own marketing materials, and if we have not approved these materials within the preceding 12-month period, you must submit these materials to us for our approval before you may use them. We will have seven (7) days after receipt of the materials to advise you if they are approved. If we do not provide our specific approval of these 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 distribution of these materials. If we approve the marketing materials that you submit to us, we may require you to purchase these materials from us or 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. If you use unauthorized advertising materials, you must pay a fee of $500 USD per occurrence to us, or if established, the Advertising Fund.

At our request, you must include certain language in your local advertising materials, including "Franchises Available" and our website address and telephone number.

*System Website*

Websites (as defined below) are considered "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 Driverseat Business, Marks, us, or the System.

We currently have a central System Website that we manage for all Franchises in the System. The System Website lists each Driverseat Business and educational information regarding the System. We create a location detection module, which will direct persons in your Territory to a listing for your Driverseat Business which we create for you. We manage the content of each franchisee's information on the System Website and make changes (subject to our approval) at the franchisee's request. We intend any franchisee-specific web presence be accessed only through the System Website.

You are strictly prohibited from establishing your own independent Website using the Marks, relating to your Driverseat Business or advertising the sale of products and services without our consent.


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You may use social and networking Websites, such as, but not limited to, Facebook, LinkedIn, MySpace, Pinterest, or Twitter ("Social Media"), to promote your Driverseat Business, but all content you propose to use on Social Media, especially related to the Marks, must first be approved by us and used in accordance with our then-current Social Media policy. Our then-current Social Media policy may require that you make a minimum number of posts to specified social media platforms within certain time intervals. We may require that your Managing Owner be the only person who may access and manage your presence on specified social media platforms. We may specify how you use the Marks or present content involving the Marks, as well as require you to remove any questionable usage or content involving the Marks, including on the social media accounts personally held by any of your owners. We may also require you to cease using the Marks at all such sites or discontinue all use of such sites. We will be the master administrator for any Social Media websites, meaning that we will have the primary password and access rights to any Social Media that we approve for your use. We will grant you administrative privileges to Social Media for your specific Driverseat Business, provided that we may revoke, modify, or change your administrative privileges in our sole discretion, and further provided that we may modify, post, change, or delete any material from the Social Media relevant to your Driverseat Business. To the extent that we allow you the ability to operate Social Media that does not allow us to have master administrative privileges with the ability to grant you user administrative privileges, you must provide us with the log-in information, including passwords for any such Social Media.

As long as we have a System Website, we will have the right to use the Advertising Fund assets to develop, maintain and update the System Website. You must promptly notify us whenever any information on your listing changes or is not accurate.

We are only required to reference your Driverseat Business on the System Website while we maintain one and while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your Driverseat Business from the System Website until you fully cure the default(s). You may not, without our prior written approval, develop, maintain, or authorize any website that mentions or describes you, your Driverseat Business, or displays the Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for Franchisee websites, you must use our mediums. You may not sell products or services not approved by us in the Confidential Operations Manual on your Driverseat Business website without our prior written approval (See Franchise Agreement – Section 10.D).

*Advisory Council*

We have formed an advisory council ("FAC") that serves in an advisory capacity only, regarding a variety of issues, including advising on advertising and promotional activities. The FAC is governed by by-laws. Franchisees are elected to participate in the council by other franchisees, with one franchisee representative chosen by us. The FAC provides input regarding the Advertising Fund and promotes communications between us and all Driverseat Businesses. We have the power to form, change, or dissolve the FAC, in our sole discretion.

Computer System

You are required to have a Computer System that consists of the following hardware and software: (a) desktop PC or laptop computer capable of accessing the internet; and (b) Microsoft Office 365. You may use a computer that you already own. We estimate the cost of purchasing the Computer System will

be between $0 and $900 USD. You must have access to a high-speed Internet connection. You are required to purchase our chosen accounting software which, as of the date of this Disclosure Document, is QuickBooks Online ("QBO"). We estimate the cost of purchasing a subscription to QBO to be $30 to $90 per month, depending on the features you choose. Over the term of your Franchise Agreement, we may modify the specifications and components of the required Computer System. We may require you to own, lease, license, service, and support the Computer System in the manner and on the terms we specify. You are required to purchase the Computer System from our approved supplier. We charge a monthly Software License Fee which includes your e-mail management and data management systems (including cloud based storage), website hosting, access to our electronic systems, license of our mobile app, and other technology that we establish, which is currently $199 USD per month. We may increase the Software License Fee upon notice to you.

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 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 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.

We may require you to upgrade or update your computer hardware or software during the term of the Franchise Agreement. There are no contractual limitations on the frequency or cost of this obligation.

*Computer System Data*

We own all data generated by the Computer System concerning the Driverseat Business, including data and customer lists stored in the Computer System and on any Internet website. We (or our designee(s)) have the right to independently access the electronic information and data relating to your Driverseat Franchise through our proprietary data management and intranet system and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Driverseat Franchises. This may include posting financial information of each franchisee on an intranet website (See Franchise Agreement – Section 11). There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Driverseat Business, or from other locations.

Training

*Initial Training*

Before your Driverseat Business opens for business, you, or your managing owner if you are an entity, and your designated manager (if applicable) must complete our Initial Training Program to our reasonable satisfaction, as determined by the specific program instructors, before you open your Driverseat Business. The Initial Training Program will be conducted at the corporate headquarters of our affiliate, Driverseat Inc. (Canada) (currently in Kitchener, Ontario) or virtually, or with a combination of both, to be determined in our discretion. If your attendees cannot complete initial training to our satisfaction, we may

terminate the Franchise Agreement. Unless we agree otherwise in writing, you must complete initial training within 90 days after you sign the Franchise Agreement.

We will provide initial training as part of your Onboarding and Training Fee for as many attendees as space in the program allows. Your attendees must complete the Initial Training Program before you may open your Driverseat Business. The Initial Training Program will last approximately twenty (20) business days. We do not have set training dates, but will conduct training sessions on an as-needed basis. You are required to pay for all travel and living expenses which your attendees incur during training (See Franchise Agreement – Section 5.A).

Every new managing owner and designated manager, if applicable, must complete the Initial Training Program to our satisfaction. We plan to provide the training listed in the table below. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual attending the Initial Training Program.

*[Remainder of page intentionally left blank]*


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## INITIAL TRAINING PROGRAM

| Subject | Hours of Classroom Training (1) | Hours of On-The-Job Training | Location |
|---|---|---|---|
| **Foundations** | | | |
| Tools and Platforms | 6 | 0 | Kitchener, Ontario/ Online |
| Sales Tools | 4 | 0 | Kitchener, Ontario/ Online |
| This is Driverseat Part 1 | 10 | 0 | Kitchener, Ontario/ Online |
| The Driverseat Marketing Mix – Product, Price, People and Place | 16 | 0 | Kitchener, Ontario/ Online |
| The Driverseat Marketing Mix - Promotion | 8 | 0 | Kitchener, Ontario/ Online |
| Converting Prospects to Deals | 8 | 0 | Kitchener, Ontario/ Online |
| Revving Your Content Engine | 8 | 0 | Kitchener, Ontario/ Online |
| Introduction to Fleet Management | 8 | 0 | Kitchener, Ontario/ Online |
| Sales and Marketing Operations | 8 | 0 | Kitchener, Ontario/ Online |
| | | | |
| **Elements** | | | |
| Next Level Marketing with Google and Paid Ads | 8 | 0 | Kitchener, Ontario/ Online |
| The Driverseat Employment Brand | 8 | 0 | Kitchener, Ontario/ Online |
| Converting Deals to Clients | 8 | 0 | Kitchener, Ontario/ Online |
| The First Steps to Building Your Team | 10 | 0 | Kitchener, Ontario/ Online |
| Financial Management | 8 | 0 | Kitchener, Ontario/ Online |
| Onboarding Your Team | 8 | 0 | Kitchener, Ontario/ Online |

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| | | | |
|---|---|---|---|
| Operational Excellence | 8 | 0 | Kitchener, Ontario/ Online |
| Marketing Analytics | 4 | 0 | Kitchener, Ontario/ Online |
| Your Launch Plan | 8 | 0 | Kitchener, Ontario/ Online |
| | | | |
| **Total** | **146** | **0** | |

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees. We will use the Confidential Operations Manual as the primary instruction materials during the Initial Training Program.

2. Brian Bazely, Luke Bazley, and Leanne Shanks currently oversee our training program. Brian Bazley is our Chief Executive Officer and has operated our affiliate, Driverseat Inc. (Canada), a Canadian franchise company offering businesses similar to Driverseat Businesses, since July 2012. Luke Bazely is our President and has operated Driverseat Inc. (Canada) since July 2012. Luke Bazely also operated the first Driverseat location owned by Driverseat Inc. (Canada) from September 2012 to June 2013. Leanne Shanks is the Director of Franchise Support and has been with the company since 2019. Training may also be conducted by qualified employees of ours at our corporate headquarters, or at such other location that we designate. Our additional instructors generally will have operations experience, and a minimum of one (1) year of experience in training and development, or in the topic in which they are engaged to provide training on.

*Ongoing Training*

In addition to the Initial Training Program above, during your first year of operation, you must participate in ongoing training programs that we have or may develop applicable to the launch and initial operations of your Driverseat Business, and you must complete this training to our satisfaction. These programs will be offered virtually. We do not charge for the first offering of this ongoing training. However, if you or your personnel do not complete this training to our satisfaction, we may require you to retake the training program, and pay our then-current registration costs for these programs.

Additionally, you must annually obtain at least 1,500 continuing engagement credits, to earn "Driverseat Engagement Points." These credits are not tied to hours, but to specific events or participation you have in the Driverseat system, which include, as examples, webinars, periodic meetings, coaching sessions, and/or the attendance of additional personnel of your Terminal(s) at our annual conference, should we choose to hold one. Except for the cost for additional persons to attend an annual conference, there are no additional fees for receiving continuing engagement credits, but you are responsible for any expenses you or your employees incur in completing any activity. We encourage you to earn more than 1,500 credits annually and we will explore options to reward and recognize top performers. However, if you fail to meet the minimum requirements in any year, you must pay us a fee as follows: If you earn less than 500 credits, you must pay a fee of $1,000 USD; if you earn between 500 and 999 credits, you must pay a fee of $750 USD; and if you earn between 1,000 and 1,499 credits, you must pay a fee of $500 USD. We will donate these fees to fund our subsidy of any annual convention that we choose to hold or to fund additional training

and/or participation awards as we may determine in our discretion. From time to time, we may require that you, designated managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new designated manager, that person must attend and successfully complete our Driverseat Initial Training Program before assuming responsibility for the management of your Driverseat Business. If we conduct an inspection of your Driverseat Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies.

If, at any time during the operation of your Driverseat Business, you request that we provide additional training or assistance, or if we determine that you require additional training or assistance you must pay our then-current per diem training fee for each trainee, currently $500 USD per person per day, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including travel, lodging, meals and other reasonable expenses. Neither you nor your employees will receive any compensation from us for services performed during training. You will bear all other expenses incurred in such training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance. (See Franchise Agreement – Section 5.C).

In addition to participating in ongoing training, you will be required to attend any annual meeting of all franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all franchisees (See Item 6). You are responsible for all travel and expenses for your attendees.

## ITEM 12
## TERRITORY

Franchise Agreement

The Franchise Agreement for your Driverseat Business grants you a protected territory ("Territory") based on the geographic area, the number of qualified event locations and population properties within that area, and other relevant demographic characteristics. Where available, we will utilize the 2020 United States Census Bureau data, supplemented with other information available and other population statistical sources of our choosing to determine populations, and define your Territory based on the population that corresponds with your Initial Franchise Fee level described in Item 5. In certain densely populated metropolitan areas, a territory may be considerably smaller, while franchisees operating in less densely populated urban areas may have significantly larger areas. You may operate the Driverseat Business only in the Territory. You must not relocate your Driverseat Business without obtaining our written consent of the relocation. If you wish to purchase an additional Driverseat Business you must apply to us, and we may, at our discretion, offer an additional Franchise to you. We do not grant a right of first refusal to franchisees to purchase new or existing locations. 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.

Your Territory provides a protected area for your Driverseat Business. Your Territory will be the geographic area identified in an exhibit to your Franchise Agreement. You must solicit and cultivate prospective customers of the Driverseat Business ("Prospective Customers") who or which are located in your Territory. Each Prospective Customer that purchases your services from or through your Terminal shall be known as a "Franchise Account." You must not otherwise solicit any person as a Prospective Customer that is located outside of your Territory, unless you have our prior approval. In the event that a Prospective Customer from outside your Territory and within the territory of another Driverseat franchisee initiates contact with you, you must refer such Prospective Customer to the franchisee whose Territory the

Prospective Customer's address falls within (in accordance with our guidelines), or refer them to us to manage.

We will establish the rules for determining whether a Prospective Customer falls within your Territory from time to time, in our discretion. As of the date of this Franchise Disclosure Document, for all consumer services that are pre-booked by phone, email or online (other than our mobile app), you have the right to claim Prospective Customers who are departing from your Territory as your Franchise Account. We do not currently provide exclusivity to you within your Territory with respect to consumer services booked by mobile app, commercial clients, or shuttle services (as described further below), and there may be other drivers operating as Driverseat drivers in the area in your Territory, with respect to these services, or as otherwise established by our policies from time to time. These drivers may include franchisees or employees of ours or our affiliates. We are not obligated to pay compensation to you for soliciting customers from your franchise territory.

We may sell outside of your Territory, or arrange for another Driverseat Business to service customers outside of your Territory, or within your Territory if you are unable or unwilling to service such customer in accordance with our specifications and requirements. We may also establish (and change from time to time) principles and procedures for allocating the burdens and benefits of serving any customers and/or Prospective Customers that have moved from your Territory into another territory, or vice versa. We will endeavor to implement all of these principles roughly uniformly under similar circumstances, but we do not represent or warrant that application of the principles will yield benefits to any Driverseat franchisee (including you) that are proportionate in any way among Driverseat franchisees. We reserve the right to eliminate all Territory protection (for you and any third party, including other franchisees) related to all designated driver services, if, for example, we develop a process whereby Prospective Customers for designated driver services are provided service by the nearest available driver rather than waiting for a driver employed by the franchisee who has the rights to the Territory in which the Prospective Customer desires to be dropped off.

You understand and agree that due to the nature of the Driverseat business which involves servicing multiple locations, it will sometimes be difficult to ascertain whether a Prospective Customer is located in your Territory or not. Accordingly, you understand and agree that we may in our discretion establish (and change from time to time) principles and procedures for identifying Prospective Customers and for allocating to us and our franchisees the benefits and burdens of soliciting such Prospective Customers (and servicing any resulting Franchise Accounts).

You are prohibited from directly marketing to or soliciting a Prospective Customer whose principal residence is outside of your Territory without our prior approval. Advertisements in printed media and on television and radio that are targeted to Prospective Customers and Franchise Account clients located within your Territory will not be deemed a violation of the Franchise Agreement because the natural circulation of the printed media or reach of television and radio are viewed by Prospective Customers outside of your Territory.

Any leads generated from phone calls directed to us related to your Territory will be forwarded to you. We will establish a webpage for your Terminal that is linked to the System Website. Any leads related to your Territory that are generated from our System Website will be forwarded to you. Any sales generated through your web page will be your responsibility to fulfill.

If you do not meet the minimum sales volume ("Minimum Sales Volume") set out in Schedule "A" to the Franchise Agreement, you will be required to spend $600 USD per month on local advertising until you do so. We will work with you to determine the reasons behind the poor sales and to assist you in

increasing sales. If, after six (6) months, you continue to fail to meet the Minimum Sales Volume, we have the right to terminate the rights in your Territory.

During the term of the Franchise Agreement, we (and any affiliates) have the right:

(a) to establish and operate, and grant rights to other franchise owners to establish and operate, Driverseat Businesses or similar businesses anywhere outside of the Territory, which may operate within your Territory as described above, and on any terms and conditions we deem appropriate;

(b) to develop and license the use of, at any location, 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 or similar to those offered under the System on any terms and conditions which we deem appropriate;

(c) to produce, offer and sell, and to grant others the right to produce, offer, and sell the products and services offered at the Terminals and any other goods displaying the Marks or other trademarks through any distribution channels;

(d) to be acquired by a business identical or similar to Driverseat;

(e) to acquire and convert to the System operated by us, any businesses offering products and services related to driving services, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Territory, and operate these acquired businesses under the Marks in the Territory;

(f) to service Franchise Accounts within the Territory, or allow other Franchises or third parties to service Franchise Accounts if the franchisee is in default, unable, or unwilling to provide necessary products or services, at our complete discretion; and

(g) to engage in any other business activities not expressly prohibited by the Franchise Agreement.

In particular, we intend to commence or license others to commence operation of "Shuttle Services" which may venture into your Territory from time to time. "Shuttle Services" means ground transportation services offered to a customer to drive him/her in a company-owned shuttle vehicle to or from an airport or to or from an address specified by that customer. For clarity, unlike other Driverseat services, Shuttle Services are offered with a vehicle owned by us or a franchisee, as the case may be, and not the vehicle owned or leased by the customer. If we determine to grant third parties the right to offer Shuttle Services within your Territory, we will give you a right of first refusal before offering that right to any other franchisee. We are not limited in any way from offering Shuttle Services ourselves to customers within your Territory.

Except as described herein, we have no policy on the proximity between an existing Terminal and:

(a) another franchise of ours or our affiliate of the same type as the existing Franchise;

(b) a franchisor outlet;


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(c) a franchise or other business owned or operated by us, our associate, or our affiliate that distributes similar products or services under a different trademark, service mark, 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, service mark, trade name, or logo; and/or

(e) any distributor or licensee using our trademark, trade name, logo, or advertising or other commercial symbol.

You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales outside your Territory.

Area Development Agreement

Under the Area Development Agreement, you are assigned a Development Territory in which you must develop a designated number of Driverseat Franchises. Before entering into the Area Development Agreement, we will review and consult with you concerning the proposed geographic areas that will comprise the Development Territory. The size of the Development Territory will depend on the number of Driverseat Businesses to be developed, the population, and other factors. The Development Territory may be a single or multi-city or county area, or some other area, and will be described in Attachment B to your Area Development Agreement. We will determine the Development Territory before you sign the Area Development Agreement based on various market and economic factors.

The Development Territory will be territory for the development of Driverseat Franchises during the term of the Area Development Agreement, so long as you are in compliance with the Area Development Agreement. The Development Territory grants you the rights to open Driverseat Businesses in the Development Territory, provided that you follow the terms of the Area Development Agreement. Because of our reserved rights below, 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. However, we will not, or authorize others to, service individual consumer passengers that reside within the zip codes of your Development Territory if those customers are being picked up or dropped off within your Development Territory, except that if we determine, in our sole discretion, that you are not able to service these customers, an outlet we own or another franchisee may service these customers. We may, or authorize others to, drop-off or pick-up business passengers in Development Territory.

The rights granted under the Area Development Agreement relate only to the development of the Driverseat Franchises identified in the Area Development Agreement. Except as provided in the Area Development Agreement, and subject to your full compliance with the Area Development Agreement and any other agreement among you or any of your affiliates and us or any of our affiliates, neither we nor our affiliates will establish or authorize any other person or entity, other than you, to establish a Driverseat Franchise in your Development Territory during the term of the Area Development Agreement. However, we, our affiliates, and any other authorized person or entity (including any other Driverseat Franchise) may, at any time, conduct any other type of activities within your Development Territory that we are permitted to conduct under the Franchise Agreement. The Development Territory will terminate upon the completion of the Development Schedule or the termination of the Area Development Agreement, whichever occurs first, and the only territorial protections that you will receive upon termination will be those under each individual Franchise Agreement.

Upon your first failure to adhere to the Development Schedule, you will lose the exclusivity granted for the Development Territory. Any second or additional failures to adhere to the Development Schedule will constitute a material event of default under the Area Development Agreement, for which we may, among other things: (i) terminate the Area Development Agreement; (ii) reduce the area of the Development Territory; (iii) permit you to extend the Development Schedule; or (iv) pursue any other remedy we may have at law or in equity, including, but not limited to, a suit for non-performance.

## ITEM 13
## TRADEMARKS

The Franchise Agreement and your payment of Royalty Fees grant you the non-exclusive right and license to operate your Franchise using our principal Marks listed below. You may also use other future trademarks, service marks, and logos we approve to identify your Driverseat Franchise.

The Marks are owned by Driverseat Inc. (Canada) and are licensed exclusively to us. Driverseat Inc. (Canada) has granted us an exclusive license ("Trademark License") to use the Marks to franchise the System in the United States. The Trademark License is for ten (10) years and began on June 12, 2015. It will automatically renew for subsequent ten (10)-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, Driverseat Inc. (Canada) has agreed to license the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated.

Driverseat Inc. (Canada) has registrations with the United States Patent and Trademark Office ("USPTO") for the following Mark:

| Trademark | Registration Number | Registration Date | Status |
|---|---|---|---|
| DRIVERSEAT | 5151443 | February 28, 2017 | Registered on the Principal Register |

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. Driverseat Inc. (Canada) has made or intends to make all required renewal and affidavit filings for the Mark listed above.

Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the Driverseat Franchise. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks.

You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your Driverseat Business that you are an independently-owned and operated licensed franchisee of us. You may not use the Marks in the sale of unauthorized products or services, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the Driverseat Business, or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.


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We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you. If it becomes advisable, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

## ITEM 14
## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Confidential Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the System Website, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Confidential Operations Manual, the System Website, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("Copyrighted Works") for the operation of your Driverseat Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Confidential Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation, and franchising of Driverseat Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Driverseat Franchises, and other related materials are proprietary and confidential ("Confidential Information") and are our property to be used by you only as described in the Franchise Agreement and the Confidential Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Driverseat Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Driverseat Franchises during the term of the Franchise Agreement.

You must notify us within three (3) days after you learn about another's use of language, a visual image, or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information, or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information, or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information, or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information, or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information, or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge, or claim. We will take action as we deem appropriate regarding any infringement, challenge, or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge, or claim under any Copyrighted Works, Confidential Information, or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information, or Trade Secrets.

No patents or patents pending are material to us at this time.

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

The Driverseat Business shall be managed by you, or if you are an entity, by one of your owners ("Managing Owner"). We may allow you to appoint a designated manager ("Designated Manager") to supervise the day-to-day operations of the Driverseat Business after the first 60 days of operation. The Managing Owner, or the Designated Manager if one is appointed, must devote full-time efforts to the Driverseat Business, and you must hire drivers to drive the Vehicles, allowing the Managing Owner (or Designated Manager if one is appointed) to focus on managing the Driverseat Business. The Designated Manager must successfully complete our Initial Training Program. The Designated Manager need not have an ownership interest in the Franchisee entity. If you replace a Designated Manager, the new Designated Manager must satisfactorily complete our Initial Training Program.

Any Designated Manager and, if you are an entity, an officer that does not own equity in the franchisee entity, must sign the "System Protection Agreement," the form of which is attached to this Franchise Disclosure Document in Exhibit I. All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this

Franchise Disclosure Document in Exhibit I. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owners Agreement, the form of which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the Owners Agreement.

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

You must sell or offer for sale only those products and services authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products and services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions, subject to the law. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. We do not limit the persons to whom you may offer your products and services.

## ITEM 17
## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (a) Term of the franchise | Section 1.D | Franchise Agreement's term is five (5) years from the date it is executed. |
| (b) Renewal or extension of the term | Section 14 | If you are in good standing and you meet other requirements, you may be granted an additional successor five (5) year term. |
| (c) Requirements for Franchisee to renew or extend | Section 14 | Give us timely written notice; maintain compliance with the Franchise Agreement and System Standards; cure deficiencies; maintain possession of and agree to refurbish/replace the Vehicle and otherwise modify the Driverseat Business as we require; sign the new franchise agreement and any ancillary documents, a release (if law allows), and other documents we use to grant franchises; and pay successor franchise fee.<br>A "renewal" of the Franchise Agreement means to enter into a successor franchise agreement for five (5) years at the end of the Franchise Agreement's five (5)-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. |


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| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (d) Termination by Franchisee | Section 15.A | If you are in full compliance with the Franchise Agreement and we materially fail to comply with the Franchise Agreement and do not cure within 60 days after you deliver written notice of such material failure or provide reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate the Franchise Agreement, effective an additional 30 days after you deliver written notice of termination. |
| (e) Termination by Franchisor without cause | None | We may not terminate the Franchise Agreement without cause. |
| (f) Termination by Franchisor with cause | Section 15.B | We can terminate upon certain violations of the Franchise Agreement by you. |
| (g) "Cause" defined - curable defaults | Section 15.B | Under the Franchise Agreement, you have 24 hours to cure monetary defaults; failure to maintain any insurance, license, or permit; and violations of other applicable laws, regulations, ordinances, or consent decrees; and 30 days to cure operational defaults and other defaults not specified in (h) below. |
| (h) "Cause" defined - non-curable defaults | Section 15.B | Non-curable defaults under the Franchise Agreement include: material misrepresentation in acquiring the Franchise; three (3) or more insufficient funds or returned checks in any one calendar year; failure to open the Driverseat Franchise for business within 90 days of the date of the Franchise Agreement; failure to complete training; abandonment; unapproved transfers; conviction of a felony; failure to maintain insurance; failure to meet the Minimum Sales Volume; engagement in unauthorized or unethical behavior that has adverse effect; use unapproved supplies in the operation of your Driverseat Business; unauthorized use or disclosure of the Confidential Operations Manual or other confidential information; failure to pay taxes; repeated defaults (even if cured); an assignment for the benefit of creditors; appointment of a trustee or receiver; or termination of any other franchise agreement or other agreement between you or your affiliates and us or any of our affiliates. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (i) Franchisee's obligations on termination/ non-renewal | Section 16 | Under the Franchise Agreement, obligations include ceasing operation of the Driverseat Business; paying outstanding amounts, including the balance of Royalty Fees from the date of termination until the scheduled expiration date of the Franchise Agreement; complete de-identification, including removal of signs and Marks; remodeling and reconfiguring of the Vehicle as necessary to distinguish it from its former appearance; notifying telephone company and telephone directory publishers of the termination of your right to use any numbers associated with our trademarks and authorizing the transfer or forwarding of the numbers and directory listings at our direction; ceasing to use and returning Confidential Information; and delivering to us copies of the entire customer files for each customer, which includes referrals, credit card and bank information, and any other customer information. |
| (j) Assignment of contract by Franchisor | Section 13.A | We may change our ownership or form and/or assign the Franchise Agreement and any other agreement without restriction. |
| (k) "Transfer" by Franchisee - definition | Section 13.B | Under the Franchise Agreement, includes transfer of Franchise Agreement, Driverseat Business, or any right to receive its profits, losses, or capital appreciation; substantially all of the assets (including customer database and accounts) of the Driverseat Business; any ownership interest in you; or any ownership in any of your owners if such owners are legal entities. |
| (l) Franchisor's approval of transfer by Franchisee | Section 13.B | You may not transfer the Franchise Agreement without our prior written approval. |
| (m) Conditions for Franchisor's approval of transfer | Section 13.C | Under the Franchise Agreement, new franchise owner qualifies; you pay us, our affiliates, and third party vendors all amounts due; submit all required reports; no default during the 60-day period before transfer request or during the period between request and transfer's proposed effective date; new franchise owner (and its owners and affiliates) are not in a competitive business; training completed; transferee agrees to upgrade and refurbish the Driverseat Business, including the Vehicle; lease permitted to be transferred; you or transferee signs our then-current franchise agreement and other documents, provisions of which may differ materially from those contained in the Franchise Agreement; pay transfer fee; you sign release (if law allows); you and any other direct or indirect owners execute a guaranty; we approve material terms; you subordinate amounts due to you; you cease to use the Marks; and you and your owners |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | and your and their immediate families will not engage in a competitive business for a specified time frame after the transfer. |
| (n) Franchisor's right of first refusal to acquire Franchisee's business | Section 13.G | We may match any offer for your Driverseat Business or an ownership interest in you. |
| (o) Franchisor's right to purchase Franchisee's business | Section 16.E | Under the Franchise Agreement, we may purchase the Driverseat Business by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement. |
| (p) Death or disability of Franchisee | Section 13.E | Your representative must transfer your interest in the Franchise Agreement to a third party within a reasonable time, but no later than 30 days after your death or disability, and must also appoint a manager who must complete training and be acceptable to us. |
| (q) Non-competition covenants during the term of the Franchise | Section 8 | Under the Franchise Agreement, no diverting or attempting to divert business; no ownership interest in or performing services for a competitive business located anywhere ("competitive business" means: (i) any business that derives any revenue from the transportation of people; or (ii) any business granting franchises or licenses to others to operate such a business, provided that a Driverseat Business operated under a franchise agreement with us is not a competitive business); no engaging in any activity which may injure the goodwill of the Driverseat Business. |
| (r) Non-competition covenants after the Franchise is terminated or expires | Section 16.D | For two (2) years beginning on the effective date of termination or expiration of the Franchise Agreement, you and your owners and your spouses may not have any direct or indirect interest in, own, manage, operate, finance, control, or participate in any competitive business located within your Territory or within: (i) 20 miles from the edge of your Territory; or (ii) 20 miles from the edge of any of the territories of all other Driverseat Businesses that are operating or under development. |
| (s) Modification of the agreement | Sections 9.J and 18.K | Under the Franchise Agreement, no modifications of the Franchise Agreement during the term unless agreed to in writing, but we reserve the right to vary System Standards for any franchise owner. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (t) Integration/merger clause | Section 18.M | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable. |
| (u) Dispute resolution by arbitration or mediation | Section 18.F | Under the Franchise Agreement, except for controversies, disputes, or claims related to improper use of trademarks or confidential information, all controversies, disputes, or claims between us must be submitted first for mediation, and if mediation is unsuccessful, for binding arbitration on demand of either party. All arbitration proceedings will take place in the city and province of our principal business address, currently in Kitchener, Ontario, Canada. |
| (v) Choice of forum | Section 18.H | Subject to mediation and arbitration requirement, litigation generally must be commenced in the provincial, territorial, or federal court of general jurisdiction which is closest to Kitchener, Ontario, Canada (or another city in which our principal business address is located at the time of the controversy), but we and you may enforce any arbitration orders and awards in the courts of the state(s) in which you are domiciled or the Driverseat Business is located (unless prohibited by state law, in which case this information can be found in Exhibit H) (subject to applicable state law). |
| (w) Choice of law | Section 18.G | Except for Federal Arbitration Act and other federal law, Delaware law governs (unless prohibited by state law in which case this information can be found in Exhibit H) (subject to applicable state law). |

## THE AREA DEVELOPER RELATIONSHIP

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| (a) Term of the franchise | Sections 1 and 2 | The earlier of the date the final Franchise Agreement is executed or the final date in Development Schedule. |
| (b) Renewal or extension of the term | None | None |
| (c) Requirements for Area Developer to renew or extend | None | None |


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| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| (d) Termination by Area Developer | None | None |
| (e) Termination by Franchisor without cause | None | None |
| (f) Termination by Franchisor with cause | Section 7 | We can terminate upon certain violations of the Area Development Agreement by you. |
| (g) "Cause" defined - curable defaults | Section 7 | 30-day period to fully cure defaults, except for defaults resulting from our termination of any Franchise Agreement. |
| (h) "Cause" defined - non-curable defaults | Section 7 | We may immediately terminate Area Development Agreement upon our termination of any franchise agreement with you. |
| (i) Franchisee's obligations on termination/ non-renewal | Section 7 | Termination ends all rights, including interests in the Development Territory and right to open additional Terminals. |
| (j) Assignment of contract by Franchisor | Section 6.1 | There are no limits on our right to assign the Area Development Agreement. |
| (k) "Transfer" by Franchisee - definition | Section 1 | Includes a transfer of an interest in the Area Development Agreement, any franchise agreement, developer entity, or any material asset of your business. |
| (l) Franchisor's approval of transfer by Franchisee | Section 6.2 | No transfer without our approval, except for certain permitted transfers among owners or to owners' new entity. |
| (m) Conditions for Franchisor's approval of transfer | Section 6.2 | Transferee qualifies; owners in compliance with all agreements with us or affiliates; transferee pays for and completes initial training; transferee signs then current area development agreement; payment of transfer fee; all franchise agreements assigned to transferee; you sign general release; you and transferee meet any other reasonable requirements. |
| (n) Franchisor's right of first refusal to acquire Franchisee's business | Section 6.5 | We may match any offer for your area development rights, Driverseat Business(es), or an ownership interest in you. |
| (o) Franchisor's right to purchase Franchisee's business | None | None |

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| (p) Death or disability of Franchisee | Section 6.4 | Your representative must transfer your interest in the Area Development Agreement to another owner or a third party approved by us within 180 days. |
| (q) Non-competition covenants during the term of the Franchise | Section 10.1 | No diverting or attempting to divert business; no ownership interest in or performing services for a competitive business located anywhere; no engaging in any activity which may injure the goodwill of the Marks or Driverseat system. |
| (r) Non-competition covenants after the Franchise is terminated or expires | Section 10.2 | For two (2) years beginning on the effective date of transfer, termination or expiration of the Area Development Agreement, you and your owners and your spouses may not have any direct or indirect interest in, own, manage, operate, finance, control, or participate in any competitive business located within: (i) the Development Territory; or (ii) 20 miles of the edge of the Development Territory or of any territory of all other Driverseat Businesses that are operating or under development. |
| (s) Modification of the agreement | Section 11.8 | No modifications of the Area Development Agreement during the term unless agreed to in writing. |
| (t) Integration/merger clause | Section 11.8 | Only the terms of the Area Development Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of this Franchise Disclosure Document and Area Development Agreement may not be enforceable. |
| (u) Dispute resolution by arbitration or mediation | Section 8 | Except for controversies, disputes, or claims related to improper use of trademarks or confidential information, all controversies, disputes, or claims between us must be submitted first for mediation, and if mediation is unsuccessful, for binding arbitration on demand of either party. All arbitration proceedings will take place in the city and province of our principal business address, currently in Kitchener, Ontario, Canada. |
| (v) Choice of forum | Section 8 | Subject to mediation and arbitration requirement, litigation generally must be commenced in the provincial, territorial, or federal court of general jurisdiction which is closest to Kitchener, Ontario, Canada (or another city in which our principal business address is located at the time of the controversy), but we and you may enforce any arbitration orders and awards in the courts of the state(s) in which you are domiciled or the Driverseat Business is located (unless prohibited by state law, in which case this information can be found in Exhibit H) (subject to applicable state law). |

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| (w) Choice of law | Section 11.1 | Except for Federal Arbitration Act and other federal law, Delaware law governs (unless prohibited by state law in which case this information can be found in Exhibit H) (subject to applicable state law). |

## ITEM 18
## PUBLIC FIGURES

We do not use any public figures to promote the Franchise.

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or affiliate-owned outlets, if there is a reasonable basis for the information, and 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 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 Brian Bazely at 259 Gage Avenue, Kitchener, Ontario, Canada N2M 2C9.

*[Remainder of page intentionally left blank]*

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2019-2022 (Note 1)

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2019 – 2020 | 1 | 1 | 0 |
| | 2020 – 2021 | 1 | 2 | +1 |
| | 2021 – 2022 | 2 | 3 | +1 |
| Company-Owned | 2019 – 2020 | 0 | 0 | 0 |
| | 2020 – 2021 | 0 | 0 | 0 |
| | 2021 – 2022 | 0 | 0 | 0 |
| **Totals** | **2019 – 2020** | **1** | **1** | **0** |
| | **2020 – 2021** | **1** | **2** | **+1** |
| | **2021 – 2022** | 2 | 3 | +1 |

1. Our fiscal year runs from September 1 to August 31st of each year.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019-2022

| State | Year | Number of Transfers |
|---|---|---|
| **Totals** | **2019 – 2020** | **0** |
| | **2020 – 2021** | **0** |
| | **2021 – 2022** | **0** |


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Table No. 3

Status of Franchised Outlets
For Years 2019-2022

| State | Year | Outlets at Start of the Year | Outlets Added | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Opera-tions-Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Florida | 2019 – 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 – 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 – 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Georgia | 2019 – 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 – 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 – 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Pennsylvania | 2019 – 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 – 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 – 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Tennessee | 2019 – 2020 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| | 2020 – 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 – 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Totals** | **2019 – 2020** | **1** | **1** | **0** | **0** | **0** | **1** | **1** |
| | **2020 – 2021** | **1** | **1** | **0** | **0** | **0** | **0** | **2** |
| | **2021 – 2022** | **2** | **1** | **0** | **0** | **0** | **0** | **3** |


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Table No. 4

Status of Company-Owned Outlets
For Years 2019-2022

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| **Total Outlets** | **2019 - 2020** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2020 - 2021** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2021 - 2022** | **0** | **0** | **0** | **0** | **0** | **0** |

Table No. 5

Projected Openings as of
August 31, 2022 for 2022-2023

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Arizona | 0 | 1 | 0 |
| Florida | 0 | 3 | 0 |
| Indiana | 3 | 3 | 0 |
| Michigan | 0 | 3 | 0 |
| Ohio | 0 | 1 | 0 |
| Pennsylvania | 0 | 2 | 0 |
| Texas | 0 | 2 | 0 |
| **Totals** | **3** | **15** | **0** |

A list of names, addresses, and telephone numbers of our current franchisees and Area Developers are attached to this Franchise Disclosure Document as Exhibit G. The name and last known address and telephone number of every franchisee or Area Developer who has had a business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent completed fiscal year or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document are listed in Exhibit G attached to this Franchise Disclosure Document. During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Driverseat Franchise System. If you buy a Driverseat Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in the Franchise Disclosure Document. We do not have any trademark specific franchise organizations.

## ITEM 21
## FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of August 31, 2022, August 31, 2021, and August 31, 2020. we do not yet have any audited financial statements or financial statements for any other periods or years. We are also including an interim balance sheet as of November 30, 2022. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

## ITEM 22
## CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

| | |
|---|---|
| Exhibit C | Franchise Agreement |
| Exhibit D | Area Development Agreement |
| Exhibit H | State Addenda and Agreement Riders |
| Exhibit I | Contracts for use with the Driverseat Franchise |

## ITEM 23
## RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date, and return one (1) copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

# STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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**CALIFORNIA**

Department of Protection & Innovation
300 South Spring Street, Suite 15513
Los Angeles, CA 90013-1259
(213) 897-2085
(866) 275-2677

Agent:
Commissioner of Department of Financial Protection & Innovation

**CONNECTICUT**

State of Connecticut
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

Agent:
Banking Commissioner

**HAWAII**

Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agent:
Commissioner of Securities of the
Department of Commerce and Consumer Affairs

**ILLINOIS**

Illinois Attorney General
Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

Agent:
Illinois Attorney General

**MARYLAND**

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

Agent:
Maryland Securities Commissioner

**MICHIGAN**

Michigan Department of Attorney General
Consumer Protection
Franchise Section
G. Mennen Williams Bldg., Floor 1
525 W. Ottawa Street
Lansing, MI 48913
(517) 335-7644

Agent:
Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48909

**MINNESOTA**

Minnesota Department of Commerce
Securities Division
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1638

Agent:
Minnesota Commissioner of Commerce

**NEBRASKA**

Nebraska Department of Banking and Finance
P.O. Box 95006
Lincoln, NE 68509-5006

**NEW YORK**

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

Agent:
Secretary of State
99 Washington Avenue
Albany, New York 12231

**NORTH DAKOTA**

North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 E. Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

Agent:
North Dakota Securities Commissioner

**RHODE ISLAND**

Division of Securities
Rhode Island Dept. of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex, Bldg. 69-1
Cranston, RI 02920
(401) 462-9500

Agent:
Director of Rhode Island Department of Business Regulation

**SOUTH DAKOTA**

Division of Securities
Department of Labor & Regulation
124 South Euclid, 2nd Floor
Pierre, SD 57501
(605) 773-3563

Agent:
Director of South Dakota Division of Securities

**TEXAS**

Secretary of State
P.O. Box 12887
Austin, TX 78711

**VIRGINIA**

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

Agent:
Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219


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| | | |
|---|---|---|
| **INDIANA**<br><br>Secretary of State<br>Securities Division<br>Room E-111<br>302 W. Washington Street<br>Indianapolis, IN 46204<br>(317) 232-6681<br><br>Agent:<br>Indiana Secretary of State<br>201 State House<br>200 W. Washington St.<br>Indianapolis, IN 46204 | | **WASHINGTON**<br><br>Department of Financial Institutions<br>Securities Division<br>150 Israel Road SW<br>Tumwater, WA 98501<br>(360) 902-8760<br><br>Agent:<br>Director, Department of Financial Institutions<br>Securities Division<br>PO Box 9033<br>Olympia, WA 98507<br>(360) 902-8760<br><br>**WISCONSIN**<br><br>Department of Financial Institutions<br>Division of Securities<br>201 W. Washington Avenue, Suite 300<br>Madison, WI 53703<br>(608) 266-3364<br><br>Agent:<br>Administrator, Division of Securities<br>Department of Financial Institutions |

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EXHIBIT B

**FINANCIAL STATEMENTS**

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boyum barenscheer
CPAs AND BUSINESS ADVISORS

December 29, 2022

Brian Bazely
DriverSeat, Inc.
259 Gage Avenue
Kitchener, Ontario N2M 2C9 Canada

Dear Mr. Bazely,

Boyum & Barenscheer PLLP consents to the use in the Franchise Disclosure Document issued on December 29, 2022 by DriverSeat, Inc. ("Franchisor") of our report dated December 28, 2022, relating to the financial statements of the Franchisor for the year ended August 31, 2022.

Becky Gibbs, CPA
Boyum & Barenscheer PLLP
Minneapolis, Minnesota
December 29, 2022

*DRIVERSEAT, INC.*

*FINANCIAL STATEMENTS*

*AUGUST 31, 2022 AND 2021*

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boyum barenscheer
CPAs AND BUSINESS ADVISORS

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Driverseat, Inc.
Kitchener, Ontario

We have audited the accompanying financial statements of DriverSeat, Inc., which comprise the balance sheets as of August 31, 2022 and 2021, and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DriverSeat, Inc. as of August 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 DriverSeat, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 DriverSeat, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

Boyum & Barenscheer PLLP

Boyum & Barenscheer PLLP
Minneapolis, Minnesota
December 28, 2022

*DRIVERSEAT, INC.*

*BALANCE SHEETS*

| AUGUST 31, | 2022 | 2021 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash | $ 11,434 | $ - |
| Prepaid expenses | 81 | 16 |
| **OTHER ASSETS** | | |
| Deferred tax asset | 55,820 | 49,627 |
| ***Total assets*** | **$ 67,335** | **$ 49,643** |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Checks issued in excess of deposits | $ - | $ 1,531 |
| Accounts payable | 678 | 226 |
| Accrued expenses | 89,375 | 134,889 |
| Deferred franchise revenue, short-term | 34,580 | 7,580 |
| Due to shareholders | 10,000 | 20,890 |
| ***Total current liabilities*** | **134,633** | **165,116** |
| **DEFERRED FRANCHISE REVENUE, long-term** | **83,873** | **18,953** |
| ***Total liabilities*** | **218,506** | **184,069** |
| **STOCKHOLDERS' DEFICIT** | **(151,171)** | **(134,426)** |
| ***Total liabilities and stockholders' deficit*** | **$ 67,335** | **$ 49,643** |

The Notes to the Financial Statements are an integral part of these statements.

*DRIVERSEAT, INC.*

*STATEMENTS OF OPERATIONS*

| YEARS ENDED AUGUST 31, | 2022 | 2021 |
|---|---|---|
| **REVENUE** | **$ 34,797** | **$ 23,198** |
| **OPERATING EXPENSES** | **57,735** | **97,074** |
| ***Loss before income taxes*** | **(22,938)** | **(73,876)** |
| Income tax benefit | 6,193 | 19,947 |
| ***Net loss*** | **$ (16,745)** | **$ (53,929)** |

The Notes to the Financial Statements are an integral part of these statements.

*DRIVERSEAT, INC.*

*STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)*

**YEARS ENDED AUGUST 31, 2022 AND 2021**

| | Common Stock | | Accumulated | |
|---|---|---|---|---|
| | **Shares** | **Amount** | **Deficit** | **Total** |
| **Balance at August 31, 2020** | **2,000,000** | **$ 20** | **$ (80,517)** | **$ (80,497)** |
| Net loss | - | - | (53,929) | (53,929) |
| **Balance at August 31, 2021** | **2,000,000** | **20** | **(134,446)** | (134,426) |
| Net loss | - | - | (16,745) | (16,745) |
| **Balance at August 31, 2022** | **2,000,000** | **$ 20** | **$ (151,191)** | **$ (151,171)** |

* Common stock; $.0001 par value; 20,000,000 shares authorized; 2,000,000 shares issued

The Notes to the Financial Statements are an integral part of these statements.

*DRIVERSEAT, INC.*

*STATEMENTS OF CASH FLOWS*

| YEARS ENDED AUGUST 31, | 2022 | 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss | $ (16,745) | $ (53,929) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Deferred income taxes | (6,193) | (19,947) |
| Net change in operating assets and liabilities: | | |
| Prepaid expenses | (65) | 6,030 |
| Accounts receivable | - | - |
| Accounts payable | 452 | 226 |
| Accrued expenses | (45,514) | 76,736 |
| Deferred revenue | 91,920 | (14,247) |
| ***Cash provided by (used by) operating activities*** | **23,855** | **(5,131)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Checks issued in excess of deposits | (1,531) | 131 |
| Receipts from (payments on) shareholder loans | (10,890) | 5,000 |
| ***Cash provided by (used by) investing activities*** | **(12,421)** | **5,131** |
| ***Net change in cash*** | **11,434** | - |
| Cash, beginning of year | - | - |
| ***Cash, end of year*** | **$ 11,434** | **$ -** |

The Notes to the Financial Statements are an integral part of these statements.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Business description:***

Driverseat, Inc. (The Company), a private corporation, incorporated in the State of Delaware on June 12, 2015 for the principal purpose of conducting franchise sales, marketing and management. The Company sells franchises of the "Driverseat" business model to franchisees. The "Driverseat" business model is an alternative to a traditional cab company. The Company had no activity until July 2019.

***Use of estimates:***

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

***Recently Issued Accounting Pronouncements:***

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2021 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's financial statements.

***Revenue recognition:***

The Company adopted Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606) and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The guidance requires the Company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/ development fees; (b) initial training fee; (c) continuing franchise fees (royalties); and (d) software fees.

**NOTE 1. (CONTINUED)**

The Company will receive an initial franchise fee which varies from $20,000 to $30,000 based on the population of the territory assigned to the franchisee plus $10,000 initial training fee for first franchise purchased. The Company also offers the rights to purchase multiple franchises under an area development agreement in exchange for a development fee. The development fee is equivalent in substance to an initial franchise fee although when combined with additional franchises, the additional initial fees are discounted. The development fee model is structured as so: $30,000 for the first and second franchises, and $8,000 for the third and subsequent businesses. Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing on date of signed agreement. Initial training fees are recognized as revenue ratably on a straight-line basis over the 1st year of the franchise agreement commencing on date of signed agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time.

The performance obligation related to franchise revenues is delivered over time. While the underlying services may vary from day to day, the nature of the promises are the same each day. The fee is due monthly beginning after training is completed and continuing for the term of the agreement (typically five years). The royalty fee and software fee are subject to adjustment on an annual basis in proportion to the changes in the Consumer Price Index. A specific instance outside the scope of the obligation listed above may be identified and recognized in the month in which the service is provided.

As of August 31, 2020, the Company had entered into a franchise agreement with two franchisees. This amount is $37,900 and is being recognized over the life of the contracts. The Company also collected onboarding and training fees from one franchisee of $10,000. There were no new contracts signed during the year ended August 31, 2021. As of August 31, 2022, the Company had entered into franchise agreements with two additional franchisees, including one franchisee that purchased the rights to three franchises. This amount is $91,000 and is being recognized over the life of the contracts. The Company also collected onboarding and training fees from these two franchisees of $10,000 each.

The first two active contracts are recognizing monthly royalty and software fees.

*Contract assets:*

The Company incurs a significant amount of contract acquisition costs in conducting its franchising activities related to finder's fees. These costs are recorded as an asset on the balance sheet and amortized over the term of the franchise agreement. As of August 31, 2022 and 2021, there are no finder's fees recorded as a contract assets on the balance sheet.

*Deferred revenue:*

The adoption of Topic 606 has impacted the timing of recognition of initial franchise fees and area development agreements. Under Topic 606, the initial franchise fees are deferred and recognized as revenue over the terms set forth in the individual franchise agreements. The Company recognized a total of $19,080 and $14,247 of initial franchise fees as income during the years ended August 31, 2022 and 2021, respectively. Accordingly, the carrying value on the balance sheet of the Company's initial franchise fees were $118,453 and $26,533 at August 31, 2022 and 2021, respectively.

**NOTE 1. (CONTINUED)**

*Disaggregation of revenue:*

| YEARS ENDED AUGUST 31, | 2022 | 2021 |
|---|---|---|
| Franchise fee (recognized over time) | $ 11,580 | $ 7,580 |
| Training fee (recognized over time) | 7,500 | 6,667 |
| Royalty fee (point in time) | 12,127 | 7,039 |
| Software fee (point in time) | 3,270 | 1,782 |
| Other (point in time) | 320 | 130 |
| ***Total revenue*** | **$ 34,797** | **$ 23,198** |

***Cash and cash equivalents:***

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents. The Company did not maintain cash balances that exceeded the FDIC insurance guarantees.

***Income taxes:***

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. Deferred tax assets and liabilities represent future tax consequence for those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. Based on all the available evidence, management concluded that it was more-likely-than-not that its deferred tax assets would be realized, and therefore has not recorded valuation allowance at August 31, 2022 and 2021.

The Company follows the provisions of FASB ASC 740-10-25, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions. Management has evaluated its tax positions and concluded that no tax positions require either recording or disclosure in the financial statements.

***Subsequent events:***

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through December 28, 2022, the date the financial statements were available to be issued.

## NOTE 2. ACCRUED EXPENSES

The accrued expenses consist of expenditures owed to an affiliated company. A summary of the accrued expenses are as follows:

| AUGUST 31, | 2022 | 2021 |
|---|---|---|
| Marketing | $ 7,410 | $ 45,740 |
| Travel | - | 7,611 |
| Professional and management fees | 79,259 | 75,568 |
| Other | 2,706 | 5,970 |
| ***Total accrued expenses*** | **$ 89,375** | **$ 134,889** |

## NOTE 3. DUE TO SHAREHOLDERS

The Company has a loans with both shareholders totaling $10,000 and $20,890 as of August 31, 2022 and 2021, respectively, and are payable on demand. Management is in the process of formalizing a note arrangement.

## NOTE 4. INCOME TAXES

Income tax expense consists of the following:

| YEAR ENDED AUGUST 31, | 2022 | 2021 |
|---|---|---|
| Current income taxes: | | |
| Federal | $ - | $ - |
| State and local | - | - |
| Deferred income taxes: | | |
| Federal | 4,893 | 15,560 |
| State and local | 1,300 | 4,387 |
| ***Total income tax benefit*** | **$ 6,193** | **$ 19,947** |

Deferred tax assets consist of the following components:

| AUGUST 31, | 2022 | 2021 |
|---|---|---|
| NOL carry forward | $ 55,820 | $ 49,627 |
| ***Deferred tax asset*** | **$ 55,820** | **$ 49,627** |

The Company has not been audited by the Internal Revenue Service or other state agencies.

## NOTE 5. RELATED PARTY ACTIVITY

The Company has a related organization based in Canada which is in the same business. The Company has an informal arrangement in which it pays the related organization for shared services such as management, accounting, franchisee assistance, etc. through a management fee. Management fees paid for years ended August 31, 2022 and 2021 amounted to $9,390 and $30,770, respectively.

Driverseat Inc LLC

Interim Balance Sheet as of November 30, 2022

| | Sept | | October | | Nov | | Dec | | January | | February | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit |
| Clearing Account | (745.54) | | (813.20) | | (880.86) | | 0.00 | | 0.00 | | 0.00 | |
| Shareholder Drawings | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Due to Shareholders | | 10000.00 | | 10000.00 | | 10000.00 | | 0.00 | | 0.00 | | 0.00 |
| TDCT Operating Line | 12953.67 | | 14473.43 | | 8640.19 | | 0.00 | | 0.00 | | 0.00 | |
| Accounts receivable | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Deferred Tax Asset | 55820.00 | | 55820.00 | | 55820.00 | | 0.00 | | 0.00 | | 0.00 | |
| Capital Loan | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Petty Cash | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Payables | | | | | | | | | | | | |
| Due to Driverseat Canada | | 87646.21 | | 91564.25 | | 87360.17 | | 0.00 | | 0.00 | | 0.00 |
| Deferred Revenue | | 115654.75 | | 112856.43 | | 109041.05 | | 0.00 | | 0.00 | | 0.00 |
| Due to Others | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Shares in Company | | 20.00 | | 20.00 | | 20.00 | | 0.00 | | 0.00 | | 0.00 |
| | | | | | | | | | | | | |
| Prepaid Facility Insurance | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Prepaid Facility Rent / Lease | | | | | | | | | | | | |
| Prepaid Deposits | 80.96 | | 80.96 | | 20.96 | | 0.00 | | 0.00 | | 0.00 | |
| Prepaid Royalties | | | | | | | | | | | | |
| Prepaid Finanacing Fees | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Inventory | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Equipment - location 1 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Furniture & Fixtures - location 1 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Computer Equipment - location 1 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Vehicles | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Goodwill | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Accum Depreciation | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| | | | | | | | | | | | | |
| Current Year Profit / Loss | | 5978.78 | | 6311.16 | | 8369.72 | | 8369.72 | | 8369.72 | | 8369.72 |
| Dividends | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Retained Earnings | 151190.65 | | 151190.65 | | 151190.65 | | 0.00 | | 0.00 | | 0.00 | |
| | 219299.74 | 219299.74 | 220751.84 | 220751.84 | 214790.94 | 214790.94 | 0.00 | 8369.72 | 0.00 | 8369.72 | 0.00 | 8369.72 |

| | March | | April | | May | | June | | July | | August | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit |
| Clearing Account | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Shareholder Drawings | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Due to Shareholders | | 0 | | 0 | | 0 | | 0 | | 0 | | 0.00 |
| TDCT Operating Line | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Accounts receivable | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Deferred Tax Asset | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Capital Loan | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Petty Cash | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Payables | | | | | | | | | | | | |
| Due to Driverseat Canada | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 |
| Deferred Revenue | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 |
| Due to Others | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Shares in Company | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 |
| | | | | | | | | | | | | |
| Prepaid Facility Insurance | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Prepaid Facility Rent / Lease | | | | | | | | | | | | |
| Prepaid Deposits | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Prepaid Royalties | | | | | | | | | | | | |
| Prepaid Finanacing Fees | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Inventory | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Equipment - location 1 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Furniture & Fixtures - location 1 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Computer Equipment - location 1 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Vehicles | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Goodwill | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Accum Depreciation | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| | | | | | | | | | | | | |
| Current Year Profit / Loss | | 8369.72 | | 8369.72 | | 8369.72 | | 8369.72 | | 8369.72 | | 8369.72 |
| | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Retained Earnings | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| | 0.00 | 8369.72 | 0.00 | 8369.72 | 0.00 | 8369.72 | 0.00 | 8369.72 | 0.00 | 8369.72 | 0.00 | 8369.72 |

# Driverseat Inc LLC-Consolidated

## Interim P&L as of November 30, 2022

| | Sept | October | Nov | Dec | January | February | March | April | May | June | July | August | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales-Franchises | 1131.66 | 1131.66 | 2148.72 | | | | | | | | | | 4412.04 |
| Sales-Monthly Royalties | 1225.10 | 1225.10 | 1225.10 | | | | | | | | | | 3675.30 |
| Sales-Training Fee | 1666.66 | 1666.66 | 1666.66 | | | | | | | | | | 4999.98 |
| Sales-Vendor Referral | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Software Fees | 337.00 | 337.00 | 337.00 | | | | | | | | | | 1011.00 |
| Sales-DD | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Senior Errand | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Airport | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Chauffer | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Car Relocation | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Special events | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Valet | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Municipal Transit | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Interest Income | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Service Fee Income | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Rental Income | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sales-Other | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Government Grants | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | | 0.00 |
| **Total Revenue** | **4360.42** | **4360.42** | **5377.48** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **14098.32** |
| | | | | | | | | | | | | | |
| CPS - consolidated | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | | |
| Employee Wages | (3393.96) | 2824.04 | 2824.04 | | | | | | | | | | 2254.12 |
| Training Wages | | | | | | | | | | | | | 0.00 |
| Employee CPP | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Employee EI | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Employee Tax | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Employee Benefits | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Tech Development | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | | 0.00 |
| Telephone | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Cell Phone | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Internet | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | | 0.00 |
| Stationary | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Printing / Forms | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Postage / Courier | 0.00 | 0.00 | 60.00 | | | | | | | | | | 60.00 |
| Uniforms | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Consulting | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Marketing | 4239.60 | 1094.00 | 324.88 | | | | | | | | | | 5658.48 |
| Memberships | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Donations | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Travel | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Meals & Entertainment | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Sundry | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Conference | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Rent Exepnse | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Facility Insurance | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Facility R & M | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Utilities | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Janitorial Supplies | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Auto Expense | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Vehicle license & insuranc | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Vehicle Fuel | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Vehicle R & M | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Bank Fees | 110.00 | 110.00 | 110.00 | | | | | | | | | | 330.00 |
| Legal Fees | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Accounting Fees | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Depreciation | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| **Total Expenses** | **955.64** | **4028.04** | **3318.92** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **8302.60** |
| **Total EBIT** | **3404.78** | **332.38** | **2058.56** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **5795.72** |
| Interest-Operating Line | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Interest-Loans | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| Currency Valuation | (2574.00) | 0.00 | 0.00 | | | | | | | | | | (2574.00) |
| Income Tax Payable | 0.00 | 0.00 | 0.00 | | | | | | | | | | 0.00 |
| **Total Earnings** | **5978.78** | **332.38** | **2058.56** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **8369.72** |

*DRIVERSEAT, INC.*

*FINANCIAL STATEMENTS*

*AUGUST 31, 2021 AND 2020*

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CPAs AND BUSINESS ADVISORS

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Driverseat, Inc.
Kitchener, Ontario

We have audited the accompanying balance sheets of Driverseat, Inc. (a Delaware Company) as of August 31, 2021 and 2020, and the related statements of operations, stockholders' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Driverseat, Inc. as of August 31, 2021 and 2020, and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Boyum & Barenscheer PLLP

Boyum & Barenscheer PLLP
Minneapolis, Minnesota
December 6, 2021

*DRIVERSEAT, INC.*

*BALANCE SHEETS*

| AUGUST 31, | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Prepaid expenses | $ 16 | $ 6,046 |
| **OTHER ASSETS** | | |
| Deferred tax asset | 49,627 | 29,680 |
| ***Total assets*** | **$ 49,643** | **$ 35,726** |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Checks issued in excess of deposits | $ 1,531 | $ 1,400 |
| Accounts payable | 226 | - |
| Accrued expenses | 134,889 | 58,153 |
| Deferred franchise revenue, short-term | 7,580 | 14,247 |
| Due to shareholders | 20,890 | 15,890 |
| ***Total current liabilities*** | **165,116** | **89,690** |
| **DEFERRED FRANCHISE REVENUE, long-term** | **18,953** | **26,533** |
| ***Total liabilities*** | **184,069** | **116,223** |
| **STOCKHOLDERS' DEFICIT** | **(134,426)** | **(80,497)** |
| ***Total liabilities and stockholders' deficit*** | **$ 49,643** | **$ 35,726** |

The Notes to the Financial Statements are an integral part of these statements.

*DRIVERSEAT, INC.*

*STATEMENTS OF OPERATIONS*

| YEARS ENDED AUGUST 31, | 2021 | 2020 |
|---|---|---|
| **REVENUE** | **$ 23,198** | **$ 61,244** |
| **OPERATING EXPENSES** | **97,074** | **111,912** |
| ***Loss before income taxes*** | **(73,876)** | **(50,668)** |
| Income tax benefit | 19,947 | 13,680 |
| ***Net loss*** | **$ (53,929)** | **$ (36,988)** |

The Notes to the Financial Statements are an integral part of these statements.

*DRIVERSEAT, INC.*

*STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)*

**YEARS ENDED AUGUST 31, 2021 AND 2020**

| | Common Stock | | Accumulated | |
|---|---|---|---|---|
| | **Shares** | **Amount** | **Deficit** | **Total** |
| **Balance at August 31, 2019** | **2,000,000** | **$ 20** | **$ (43,529)** | **$ (43,509)** |
| Net loss | - | - | (36,988) | (36,988) |
| **Balance at August 31, 2020** | **2,000,000** | **20** | **(80,517)** | (80,497) |
| Net loss | - | - | (53,929) | (53,929) |
| **Balance at August 31, 2021** | **2,000,000** | **$ 20** | **$ (134,446)** | **$ (134,426)** |

* Common stock; $.0001 par value; 20,000,000 shares authorized; 2,000,000 shares issued

The Notes to the Financial Statements are an integral part of these statements.

*DRIVERSEAT, INC.*

*STATEMENTS OF CASH FLOWS*

| YEARS ENDED AUGUST 31, | 2021 | 2020 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss | $ (53,929) | $ (36,988) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Deferred income taxes | (19,947) | (13,680) |
| Net change in operating assets and liabilities: | | |
| Prepaid expenses | 6,030 | (6,046) |
| Accounts payable | 226 | - |
| Accrued expenses | 76,736 | 41,205 |
| Deferred revenue | (14,247) | (7,220) |
| ***Cash used by operating activities*** | **(5,131)** | **(22,729)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Checks issued in excess of deposits | 131 | 1,400 |
| Receipts from due to shareholders | 5,000 | - |
| ***Cash provided by investing activities*** | **5,131** | **1,400** |
| ***Net increase (decrease) in cash*** | **-** | **(21,329)** |
| Cash, beginning of year | - | 21,329 |
| ***Cash, end of year*** | **$ -** | **$ -** |

The Notes to the Financial Statements are an integral part of these statements.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Business description:***

Driverseat, Inc. (The Company), a private corporation, incorporated in the State of Delaware on June 12, 2015 for the principal purpose of conducting franchise sales, marketing and management. The Company sells franchises of the "Driverseat" business model to franchisees. The "Driverseat" business model is an alternative to a traditional cab company. The Company had no activity until July 2019.

***Use of estimates:***

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

***Recently Issued Accounting Pronouncements:***

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2021 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's financial statements.

***Revenue recognition:***

The Company adopted Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606) and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The guidance requires the Company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/ development fees; (b) initial training fee; (c) continuing franchise fees (royalties); and (d) software fees.

**NOTE 1. (CONTINUED)**

The Company will receive an initial franchise fee which varies from $20,000 to $30,000 based on the population of the territory assigned to the franchisee plus $10,000 initial training fee for first franchise purchased. The Company also offers the rights to purchase multiple franchises under an area development agreement in exchange for a development fee. The development fee is equivalent in substance to an initial franchise fee although when combined with additional franchises, the additional initial fees are discounted. The development fee model is structured as so: $30,000 for the first and second franchises, and $6,000 for the third and subsequent businesses. Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing on date of signed agreement. Initial training fees are recognized as revenue ratably on a straight-line basis over the 1st year of the franchise agreement commencing on date of signed agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time.

The performance obligation related to franchise revenues is delivered over time. While the underlying services may vary from day to day, the nature of the promises are the same each day. The fee is due monthly beginning after training is completed and continuing for the term of the agreement (typically five years). The royalty fee and software fee are subject to adjustment on an annual basis in proportion to the changes in the Consumer Price Index. A specific instance outside the scope of the obligation listed above may be identified and recognized in the month in which the service is provided.

As of August 31, 2020, the Company had entered into an area development agreement with one franchisee. This amount is $48,000 and was recognized fully as revenue in fiscal year 2020 due to the contract terminating during the year.

As of August 31, 2020, the Company had entered into a franchise agreement with two franchisees. This amount is $47,900 and is being recognized over the life of the contract. There were no new contracts signed during the year ended August 31, 2021.

The two active contracts are recognizing monthly royalty and software fees.

*Contact assets:*

The Company incurs a significant amount of contract acquisition costs in conducting its franchising activities related to finder's fees. These costs are recorded as an asset on the balance sheet and amortized over the term of the franchise agreement. As of August 31, 2021 and 2020, there is no finder's fees recorded as a contract assets on the balance sheet.

**NOTE 1. (CONTINUED)**

*Deferred revenue:*

The adoption of Topic 606 has impacted the timing of recognition of initial franchise fees and area development agreements. Under Topic 606, the initial franchise fees are deferred and recognized as revenue over the terms set forth in the individual franchise agreements. The Company recognized a total of $14,247 and $55,120 of initial franchise fees as income during the years ended August 31, 2021 and 2020, respectively. Accordingly, the carrying value on the balance sheet of the Company's initial franchise fees was $26,533 and $40,780 at August 31, 2021 and 2020, respectively.

*Disaggregation of revenue:*

| YEARS ENDED AUGUST 31, | 2021 | 2020 |
|---|---|---|
| Initial fee (recognized over time) | $ 14,247 | $ 55,120 |
| Royalty fee (point in time) | 7,039 | 4,598 |
| Software fee (point in time) | 1,782 | 1,126 |
| Service fee (point in time) | 130 | - |
| Other (point in time) | - | 400 |
| ***Total revenue*** | **$ 23,198** | **$ 61,244** |

***Cash and cash equivalents:***

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents. The Company did not maintain cash balances that exceeded the FDIC insurance guarantees.

***Income taxes:***

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. Deferred tax assets and liabilities represent future tax consequence for those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. Based on all the available evidence, management concluded that it was more-likely-than-not that its deferred tax assets would be realized, and therefore has not recorded valuation allowance at August 31, 2021 and 2020.

**NOTE 1. (CONTINUED)**

The Company follows the provisions of FASB ASC 740-10-25, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions. Management has evaluated its tax positions and concluded that no tax positions require either recording or disclosure in the financial statements.

***Subsequent events:***

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through December 6, 2021, the date the financial statements were available to be issued.

**NOTE 2. ACCRUED EXPENSES**

The accrued expenses consist of expenditures owed to an affiliated company. A summary of the accrued expenses are as follows:

| **AUGUST 31,** | **2021** | **2020** |
|---|---|---|
| Marketing | $ 45,740 | $ 43,849 |
| Travel | 7,611 | 8,774 |
| Wages | 31,746 | - |
| Professional and management fees | 43,822 | - |
| Other | 5,970 | 5,530 |
| ***Total accrued expenses*** | **$ 134,889** | **$ 58,153** |

**NOTE 3. DUE TO SHAREHOLDERS**

The Company has a loans with both shareholders for $20,890 and $15,890 as of August 31, 2021 and 2020, respectively, and is payable on demand. Management is in the process of formalizing a note arrangement.

## NOTE 4. INCOME TAXES

Income tax expense consists of the following:

| YEAR ENDED AUGUST 31, | 2021 | 2020 |
|---|---|---|
| Current income taxes: | | |
| Federal | $ - | $ - |
| State and local | - | - |
| Deferred income taxes: | | |
| Federal | 15,560 | 10,690 |
| State and local | 4,387 | 2,990 |
| ***Total income tax benefit*** | **$ 19,947** | **$ 13,680** |

Deferred tax assets consist of the following components:

| AUGUST 31, | 2021 | 2020 |
|---|---|---|
| NOL carry forward | $ 49,627 | $ 29,680 |
| ***Deferred tax asset*** | **$ 49,627** | **$ 29,680** |

The Company has not been audited by the Internal Revenue Service or other state agencies.

## NOTE 5. RELATED PARTY ACTIVITY

The Company has a related organization based in Canada which is in the same business. The Company has an informal arrangement in which it pays the related organization for shared services such as management, accounting, franchisee assistance, etc. through a management fee. Management fees paid for years ended August 31, 2021 and 2020 amounted to $30,770 and $24,254, respectively.

***DRIVERSEAT, INC.***

***FINANCIAL STATEMENTS***

***AUGUST 31, 2020 AND 2019***

# C O N T E N T S


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CPAs AND BUSINESS ADVISORS

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Driverseat, Inc.
Kitchener, Ontario

We have audited the accompanying balance sheets of Driverseat, Inc. (a Delaware Company) as of August 31, 2020 and 2019, and the related statements of operations, stockholders' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Driverseat, Inc. as of August 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Boyum & Barenscheer PLLP

Boyum & Barenscheer PLLP
3050 Metro Drive, Suite 200
Minneapolis, Minnesota
952-854-4244
January 25, 2021

*DRIVERSEAT, INC.*

*BALANCE SHEETS*

| AUGUST 31, | 2020 | 2019 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash | $ - | $ 21,329 |
| Prepaid expenses | 6,046 | - |
| **OTHER ASSETS** | | |
| Deferred tax asset | 29,680 | 16,000 |
| ***Total assets*** | **$ 35,726** | **$ 37,329** |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Checks issued in excess of deposits | $ 1,400 | $ - |
| Accrued expenses | 58,153 | 16,948 |
| Deferred revenue | 40,780 | 48,000 |
| Due to shareholder | 15,890 | 15,890 |
| ***Total current liabilities*** | 116,223 | 80,838 |
| **STOCKHOLDERS' DEFICIT** | **(80,497)** | **(43,509)** |
| ***Total liabilities and stockholders' deficit*** | **$ 35,726** | **$ 37,329** |

The Notes to the Financial Statements are an integral part of these statements.

***DRIVERSEAT, INC.***

***STATEMENTS OF OPERATIONS***

| **YEARS ENDED AUGUST 31,** | **2020** | **2019** |
|---|---|---|
| **REVENUE** | **$ 61,244** | **$ -** |
| **OPERATING EXPENSES** | **111,912** | **59,488** |
| ***Loss before income taxes*** | **(50,668)** | **(59,488)** |
| Income tax benefit | 13,680 | 16,000 |
| ***Net loss*** | **$ (36,988)** | **$ (43,488)** |

The Notes to the Financial Statements are an integral part of these statements.

*DRIVERSEAT, INC.*

*STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)*

**YEARS ENDED AUGUST 31, 2020 AND 2019**

| | Common Stock | | Accumulated | |
|---|---|---|---|---|
| | **Shares** | **Amount** | **Deficit** | **Total** |
| **Balance at August 31, 2018** | **2,000,000** | **$ 20** | **$ (41)** | **$ (21)** |
| Net loss | - | - | (43,488) | (43,488) |
| **Balance at August 31, 2019** | **2,000,000** | **20** | **(43,529)** | (43,509) |
| Net loss | - | - | (36,988) | (36,988) |
| **Balance at August 31, 2020** | **2,000,000** | **$ 20** | **$ (80,517)** | **$ (80,497)** |

* Common stock; $.0001 par value; 20,000,000 shares authorized; 2,000,000 shares issued

The Notes to the Financial Statements are an integral part of these statements.

*DRIVERSEAT, INC.*

*STATEMENTS OF CASH FLOWS*

| YEARS ENDED AUGUST 31, | 2020 | 2019 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss | $ (36,988) | $ (43,488) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Deferred income taxes | (13,680) | (16,000) |
| Net change in operating assets and liabilities: | | |
| Prepaid expenses | (6,046) | - |
| Accrued expenses | 41,205 | 16,948 |
| Deferred revenue | (7,220) | 48,000 |
| ***Cash provided (used) by operating activities*** | **(22,729)** | **5,460** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Checks issued in excess of deposits | 1,400 | - |
| Payments on due to shareholder | - | (20) |
| ***Cash provided (used) by investing activities*** | **1,400** | **(20)** |
| ***Net increase (decrease) in cash*** | **(21,329)** | **5,440** |
| Cash, beginning of year | 21,329 | 15,889 |
| ***Cash, end of year*** | **$ -** | **$ 21,329** |

The Notes to the Financial Statements are an integral part of these statements.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Business description:***

Driverseat, Inc. (The Company), a private corporation, incorporated in the State of Delaware on June 12, 2015 for the principal purpose of conducting franchise sales, marketing and management. The Company sells franchises of the "Driverseat" business model to franchisees. The "Driverseat" business model is an alternative to a traditional cab company. The Company had no activity until July 2019.

***Use of estimates:***

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

***Recently Issued Accounting Pronouncements:***

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2021 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's financial statements and anticipates the new guidance will not impact its financial statements given the Company has no lease obligations.

***Revenue recognition:***

Effective September 1, 2018, the Company adopted Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606) and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The new guidance requires the Company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. The Company applied the new guidance using the practical expedient provided in Topic 606 while prior periods amounts are not adjusted and continue to be reported in accordance with legacy GAAP.

**NOTE 1. (CONTINUED)**

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/ development fees; (b) initial training fee; (c) continuing franchise fees (royalties); and (d) software fees.

The Company will receive an initial franchise fee which varies from $20,000 to $30,000 based on the population of the territory assigned to the franchisee plus $10,000 initial training fee for first franchise purchased. The Company also offers the rights to purchase multiple franchises under an area development agreement in exchange for a development fee. The development fee is equivalent in substance to an initial franchise fee although when combined with additional franchises, the additional initial fees are discounted. The development fee model is structured as so: $30,000 for the first and second franchises, and $6,000 for the third and subsequent businesses. Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing on date of signed agreement. Initial training fees are recognized as revenue ratably on a straight-line basis over the 1st year of the franchise agreement commencing on date of signed agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time.

The performance obligation related to franchise revenues is delivered over time. While the underlying services may vary from day to day, the nature of the promises are the same each day. The fee is due monthly beginning after training is completed and continuing for the term of the agreement (typically five years). The royalty fee and software fee is subject to adjustment on an annual basis in proportion to the changes in the Consumer Price Index. A specific instance outside the scope of the obligation listed above may be identified and recognized in the month in which the service is provided.

As of August 31, 2020, the company had entered into an area development agreement with one franchisee. This amount is $48,000 and was recognized fully as revenue in fiscal year 2020 due to the contract terminating during the year. All revenue was deferred in fiscal year 2019.

As of August 31, 2020, the company had entered into a franchise agreement with two franchisees. This amount is $47,900 and is being recognized over the life of the contract.

Two of the three contracts began recognizing monthly royalty fees during the year ended August 31, 2020.

*Contact assets:*

The Company incurs a significant amount of contract acquisition costs in conducting its franchising activities related to finder's fees. These costs are recorded as an asset on the balance sheet and amortized over the term of the franchise agreement. As of August 31, 2020 and 2019, there is no finder's fees recorded as a contract assets on the balance sheet.

**NOTE 1. (CONTINUED)**

*Deferred revenue:*

The adoption Topic 606 has impacted the timing of recognition of initial franchise fees and area development agreements. Under previous guidance, these fees were typically recognized upon the execution of the contract or area developed. Under Topic 606, the initial franchise fees are deferred and recognized as revenue over the terms set forth in the individual franchise agreements. The Company recognized a total of $55,120 of initial franchise fees as income during the year ended August 31, 2020. There was no revenue to recognize for the year ended August 31, 2019. Accordingly, the carrying value on the balance sheet of the Company's initial franchise fees was $40,780 and $48,000 at August 31, 2020 and 2019.

*Disaggregation of revenue:*

| **YEARS ENDED AUGUST 31,** | **2020** | **2019** |
|---|---|---|
| Initial fee (recognized over time) | $ 55,120 | $ - |
| Royalty fee (point in time) | 4,598 | - |
| Software fee (point in time) | 1,126 | - |
| Other (point in time) | 400 | - |
| ***Total revenue*** | **$ 61,244** | **$ -** |

***Cash and cash equivalents:***

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents. The Company did not maintain cash balances that exceeded the FDIC insurance guarantees.

***Income taxes:***

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. Deferred tax assets and liabilities represent future tax consequence for those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. Based on all the available evidence, management concluded that it was more-likely-than-not that its deferred tax assets would be realized, and therefore has not recorded valuation allowance at August 31, 2020 and 2019.

**NOTE 1. (CONTINUED)**

The Company follows the provisions of FASB ASC 740-10-25, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions. Management has evaluated its tax positions and concluded that no tax positions require either recording or disclosure in the financial statements.

***Subsequent events:***

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through January 25, 2021, the date the financial statements were available to be issued.

**NOTE 2. UNCERTAINTY**

During the year ended August 31, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Company as of January 25, 2021, management believes that a material impact on the Company's financial position and results of future operations is reasonably possible.

The Company continues to train during the pandemic and has moved from a combination of online and in-class training to 100% on-line. The pandemic has made the signing of new franchisees more difficult during this time and resulted in the loss of one franchisee. The Company has not signed any new franchisees since year end.

**NOTE 3. ACCRUED EXPENSES**

The accrued expenses consist of expenditures owed to an affiliated company. A summary of the accrued expenses are as follows:

| **AUGUST 31,** | **2020** | **2019** |
|---|---|---|
| Marketing | $ 43,849 | $ 12,595 |
| Travel | 8,774 | 3,223 |
| Other | 5,530 | 1,130 |
| ***Total accrued expenses*** | **$ 58,153** | **$ 16,948** |

## NOTE 4. DUE TO SHAREHOLDER

The Company has a loan with a shareholder for $15,890 as of August 31, 2020 and 2019, respectively, and is payable on demand. Management is in the process of formalizing a note arrangement.

## NOTE 5. INCOME TAXES

Income tax expense consists of the following:

| **YEAR ENDED AUGUST 31,** | **2020** | **2019** |
|---|---|---|
| Current income taxes: | | |
| Federal | $ - | $ - |
| State and local | - | - |
| Deferred income taxes: | | |
| Federal | 10,690 | 12,500 |
| State and local | 2,990 | 3,500 |
| ***Total income tax benefit*** | **$ 13,680** | **$ 16,000** |

Deferred tax assets consist of the following components:

| **AUGUST 31,** | **2020** | **2019** |
|---|---|---|
| NOL carry forward | $ 29,680 | $ 16,000 |
| ***Deferred tax asset*** | **$ 29,680** | **$ 16,000** |

The Company has not been audited by the Internal Revenue Service or other state agencies.

## NOTE 6. RELATED PARTY ACTIVITY

The Company has a related organization based in Canada which is in the same business. The Company has an informal arrangement in which it pays the related organization for shared services such as management, accounting, franchisee assistance, etc. through a management fee. Management fees paid for years ended August 31, 2020 and 2019 amounted to $24,254 and $0, respectively.

EXHIBIT C

# FRANCHISE AGREEMENT

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**EXHIBIT C**

DRIVERSEAT

FRANCHISE AGREEMENT

Franchise Terminal Number: _____

Franchise Owner: _____

Franchise Owner Address: _____

_____

Franchise Owner Phone: _____

Franchise Owner Email: _____

Date: _____

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Franchise Agreement**") is made and entered into by and between Driverseat, Inc., a Delaware corporation, with its principal business address at 259 Gage Avenue, Kitchener, Ontario Canada N2M 2C9 ("**Franchisor**," "**we**," "**us**," or "**our**"), and the Franchise Owner identified on the signature block of this Franchise Agreement ("**Franchisee**," "**you**" or "**your**"), made effective as of the date listed in Attachment A ("**Effective Date**").

## 1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE.

1.A PREAMBLES.

(1) We have developed a unique System for businesses specializing in advertising and promoting designated driver services, car relocation services, special events chauffeuring, and assisted transport, which includes the Marks, channels of communication to transmit services orders, business process, trade dress, marking programs and other techniques and features. We grant to qualified persons a franchise to use the System and Marks ("**Driverseat Businesses**"). Driverseat Businesses have distinctive business formats, methods, procedures, designs, standards, and specifications, all of which we may improve, further develop, or otherwise modify from time to time.

(2) We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols to be used in connection with the operation of Driverseat Businesses, and we may create, use, and license other trademarks, service marks, and commercial symbols for the same use (collectively, the "**Marks**").

(3) We grant franchises ("**Driverseat Franchise**" or "**Franchise**") to persons who meet our qualifications, and are willing to undertake the investment and effort, to own and operate a Driverseat Business offering the services we authorize using our business formats, methods, procedures, signs, designs, standards, specifications, and Marks we authorize ("**Franchise System**" or the "**System**") A Driverseat Business operating under the System and Marks is referred to as a "**Terminal**."

(4) We also offer to select qualified persons ("**Area Developer(s)**") the opportunity to sign our area development agreement ("**Area Development Agreement**") and acquire the right to develop multiple Driverseat Businesses in a designated development territory according to a development schedule.

(5) As a Driverseat Franchise owner, you must comply with this Franchise Agreement and all System Standards (defined below in Section 5.D) to maintain the high and consistent quality, critical to attracting customers of Driverseat Businesses and preserving the goodwill of the Marks.

1.B ACKNOWLEDGMENTS.

You acknowledge and agree:

(1) That you have independently investigated this franchise opportunity and recognize that, like any other business, the nature of the business that a Driverseat Franchise conducts may, and probably will, evolve and change over time.

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(2) That an investment in a Driverseat Franchise involves business risks that could result in the loss of all or part of your investment.

(3) That your personal business abilities and efforts are vital to your success.

(4) That attracting customers to your Driverseat Franchise will require you to make continual marketing efforts.

(5) That retaining customers for your Driverseat Franchise will require you to have a high level of customer service and adhere strictly to and maintain the Franchise System and our System Standards. We may contact any customer of any Driverseat Franchise at any time, for any purpose. Also, if we are contacted by a customer or other patron of the Driverseat Franchise who wishes to lodge a complaint, we reserve the right to address the person's complaints to preserve goodwill and prevent damage to the brand. Our right to address complaints may include refunding money to the complaining person, in which case, you must reimburse us for these amounts.

(6) That you have not received from us, and are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Driverseat Franchise.

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

(8) That you have represented to us, to induce our entry into this Franchise Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.

(9) That you have read this Franchise Agreement and our Franchise Disclosure Document and understand and accept this Franchise Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service and to protect and preserve the goodwill of the Marks.

(10) That we have made no representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Franchise Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including the ability of your own business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Franchise Agreement.

(11) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Driverseat Franchise except those materials prohibited or restricted under applicable federal and state law and/or regulations.

(12) That you have been afforded an opportunity, and have been encouraged by us, to have this Franchise Agreement and all other agreements and materials we have given or made available to you reviewed by an independent attorney and have either done so or expressly waived your right to do so.


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(13) That you alone will exercise day-to-day control over all operations, activities and elements of the Driverseat Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System with which you are required to comply under this Franchise Agreement, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect of element of the day-to-day operations of the Driverseat Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of the Driverseat Business.

1.C LEGAL ENTITY.

If you are a legal entity ("**Entity**"), you agree and represent that:

(1) You have the authority to execute, deliver, and perform your obligations under this Franchise Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents, operating agreement, or partnership agreement, as applicable, restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Franchise Agreement's restrictions;

(3) Attachment B to this Franchise Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(4) Each of your owners will execute an Owners Agreement in the form attached hereto as Attachment C undertaking personally to be bound, jointly and severally, by all provisions of this Franchise Agreement and any ancillary agreements between you and us. Subject to our rights and your obligations under Section 13, you and your owners agree to sign and deliver to us revised versions of Attachment B from time to time to reflect any changes in the information that Attachment B now contains;

(5) The Driverseat Franchise will be the only business you operate during the term of this Franchise Agreement (although your owners may own other, noncompetitive business interests); and

(6) You have identified on Attachment A one of your owners who is a natural person with at least 25% ownership interest and voting power in you and has the authority of a chief executive officer ("**Managing Owner**"). If you are an entity with multiple owners, one of your owners who is a natural person must have at least 51% ownership interest and voting power in you (including a spouse's interest). You have delivered to us a completed Attachment A to accurately identify the Managing Owner.

1.D GRANT AND TERM OF FRANCHISE AGREEMENT.

We grant you a Franchise to own and operate a Driverseat Business within the Territory. The term of the Driverseat Franchise and this Franchise Agreement begins on the Effective Date and expires five (5) years after the Effective Date ("**Initial Term**"), unless sooner terminated. You agree at all times faithfully, honestly, and diligently to perform your obligations under this Franchise Agreement and to use


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your best efforts to promote the Driverseat Business. If you do not sign a successor franchise agreement prior to the expiration of this Franchise Agreement and continue to accept the benefits of this Franchise Agreement after its expiration, then, at our option, this Franchise Agreement may be treated either as (i) expired as of the date of expiration with your continued operation being a violation of this Franchise Agreement; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Franchise Agreement shall be deemed to take effect upon termination of the Interim Period.

## 2. TERRITORY.

### 2.A TERRITORIAL RIGHTS.

As long as you are not in default under the Franchise Agreement, except as permitted by this Section, we (including our affiliates) will not operate or grant others the right to establish, or franchise any entity to establish, a Driverseat Business within the geographic area described in Attachment A ("**Territory**"); provided however, that other drivers operating as Driverseat drivers may operate and provide services in your Territory in accordance with our policies as we establish from time to time, without compensation to you. If you do not have the capacity or are otherwise unable to service customers in accordance with the terms of this Agreement and our policies, Prospective Customers (as defined below) may be redirected to other drivers without compensation to you. Within 60 days of the effective date of your Franchise Agreement, you must have received any regulatory approval that may be required to operate within your Territory. You must maintain all required permits or other licenses granted by any applicable municipal, state, county or other authority to conduct all aspects of dispatching and operation, and must actively provide services to the full Territory in accordance with the franchise service standards. You must only solicit and cultivate prospective customers of the Driverseat Business ("**Prospective Customer(s))**" who are located in your Territory, without our prior approval. A Franchise Account ("**Franchise Account**") is a Prospective Customer who purchases your services from or through your Terminal. We will establish the rules for determining whether a Prospective Customer falls within your Territory from time to time, in our discretion.

"**Territory Infringement**" occurs when a franchisee generates income from a customer by receiving payment for services by soliciting a Prospective Customer and/or picking up passengers within the protected territory of another Driverseat franchisee, except as directed or authorized by us based on providing the best service for the customer, or in accordance with our then-current policies. In the event that a Prospective Customer from outside your Territory and within the territory of another Driverseat franchisee initiates contact with you, you must refer such Prospective Customer to the franchisee within whose territory the Prospective Customer's address falls or refer the Prospective Customer to us to manage. You understand and agree that due to the nature of the Driverseat business which involves servicing multiple locations, it will sometimes be difficult to ascertain whether a Prospective Customer is located in your Territory or not. Accordingly, you understand and agree that we may in our discretion establish (and change from time to time) principles and procedures for identifying Prospective Customers and for allocating to us and our franchisees the benefits and burdens of soliciting such Prospective Customers (and servicing any resulting Franchise Accounts).


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You may provide services and sell products to customers located outside of the Territory, without being subject to Territory Infringement if (1) there is no other Driverseat franchisee in that area; (2) the Prospective Customer is referred to the Driverseat franchise located within that territory at such time the territory is awarded to a Driverseat franchise. You are prohibited from directly marketing to or soliciting customers whose principal business office (or principal residence, if the customer is an individual) is outside of your Territory unless we specify otherwise to you in writing.

You may not advertise in any media whose primary circulation is outside of the Territory without our permission, unless the advertisement is part of a cooperative advertising program. We do not grant a right of first refusal to franchisees to purchase new or existing locations. This Franchise Agreement does not grant you rights to pursue any of our or our affiliates' business concepts other than the Driverseat Franchise.

We may in our discretion establish (and change from time to time) principles and procedures for identifying Prospective Customers and for allocating to us and our franchisees the benefits and burdens of soliciting such Prospective Customers (and servicing any resulting Franchise Accounts).

We reserve the right to eliminate all Territory protection (for you and any third party including other franchisees) related to all designated driver services, if we develop a process whereby Prospective Customers for designated driver services are provided service by the nearest available Coachman rather than waiting for a Coachman employed by the franchisee who has the rights to the Territory where the Prospective Customer desires to be dropped off.

2.B TERRITORIAL RIGHTS WE RESERVE.

We and our affiliates retain certain rights with respect to the sale of similar, or dissimilar, services and products, and any other activities. These rights include the right to:

(1) use, and to license others to use, the Marks and Franchise System for the operation of Driverseat Franchises at any location other than in the Territory, regardless of proximity to the Territory;

(2) use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location, including the Territory, in association with operations that are similar to or different than the Driverseat Franchise;

(3) use the Marks and the Franchise System in connection with the provision of other services and products, or in alternative channels of distribution at any location outside the Territory;

(4) offer the services or products similar to those offered by Driverseat Franchises, or grant others the right to offer the services or products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, wholesalers, retail outlets or other distribution outlets (other than Driverseat Franchises), or by Internet commerce (e-commerce), mail order or otherwise, whether inside or outside the Territory;

(5) utilize any websites, including social media websites, utilizing a domain name incorporating the word "Driverseat", or the Marks, or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and use the Marks and the


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Franchise System on the Internet, including all use of websites, internet videos, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. You may not independently market on the Internet, including social media websites, or use any domain name, address, website, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written approval. We reserve the right to be the master administrator for any social media websites meaning that we will have the primary password and access rights to any social media that we approve for your use. We will grant you administrative privileges to social media for your specific Driverseat Business, provided that we may revoke, modify or change your administrative privileges in our sole discretion and further provided that we may modify, post, change or delete any material from the social media relevant to your Driverseat Business. To the extent, that we allow you the ability to operate social media that does not allow us to have master administrative privileges with the ability to grant you user administrative privileges, you must provide us with the log-in information including passwords for any such social media. We reserve the right to require that your Managing Owner be the only person (other than us) who may access and manage your presence on specified social media platforms. We may specify how you use the Marks or present content involving the Marks, as well as require you to remove any questionable usage or content involving the Marks, including on social media accounts personally held by any of your owners. You shall not have an independent website unless we otherwise approve in writing, but the Driverseat Franchise locations and information may, at our option, be on Franchisor's website home page. Your failure to comply with this Section is a material breach of this Franchise Agreement. You will provide us with content for our Internet marketing, and will sign Internet and intranet usage agreements, if any. We retain the right to approve any linking or other use of its website;

(6) acquire businesses that are the same as or similar to the Driverseat Franchise and operate such businesses regardless of where such businesses are located, including inside the Territory, and to be acquired by any third party which operates businesses that are the same as or similar to the Driverseat Franchise regardless of where such businesses are located, including inside the Territory;

(7) implement multi-area marketing programs which may allow Franchisor or others to solicit or sell customers anywhere or direct such customers to the Driverseat Franchise that Franchisor chooses, in its discretion. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

(8) designate that a lead developed by one Driverseat franchisee for an opportunity in the territory of another Driverseat franchisee be handled by the franchisee in the territory where the lead is located (but impose a mechanism or referral fee for the franchisee fulfilling the lead to share the benefits of the account with the franchisee who developed the lead);

(9) designate ourselves as the central contracting point for Prospective Customers or Franchise Accounts, with a referral system for fulfillment by our franchisees;

(10) designate that a lead be assigned to the Driverseat franchisee whose driver first accepts the request for, and provides, the service; and


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(11) commence or license others to commence operation of shuttle services ("**Shuttle Services**"), using a vehicle owned by us or a franchisee, which may venture into your Territory from time to time, provided that, if we determine to grant third parties the right to offer Shuttle Services within your Territory, we will give you a right of first refusal before offering that right to any other franchisee.

## 3. DEVELOPMENT AND OPENING OF THE DRIVERSEAT FRANCHISE.

### 3.A FRANCHISE PREMISES.

You may launch your Driverseat Business from a home office, but within 90 days after you complete the portion of initial training that takes place at the corporate headquarters of our affiliate, Driverseat Inc. (Canada), you must operate your Driverseat Business from a commercial office location that includes adequate parking for your Vehicles. You will be required to renovate and outfit the office based on our then-current design manual, if we have one, in which case we will provide to you. You are solely responsible for ensuring that your office location complies with all applicable laws, ordinances, regulations, and building codes, and for obtaining all necessary health, building, sign, and other permits, licenses and bonds as may be required for the operation of the office. If you desire to purchase or lease a site for your Driverseat Franchise, we must review and approve the site you propose. If we do not accept a site you propose, you may select another site, subject to our acceptance. You may not operate your Driverseat Franchise out of a site that we have not approved. We will be deemed to have rejected a proposed site unless we have expressly accepted it in writing. If you do not receive our acceptance of your proposed site within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the proposed site

### 3.B DRIVERSEAT VEHICLE.

You must obtain at least one (1) vehicle ("**Vehicle**") for the operation of the Driverseat Business. The Vehicle will be used to provide all approved driving services. The Vehicle must meet the specifications in the Confidential Operations Manual ("**Manual"**) and must at all times be kept clean and in good working order. Although all Vehicles will follow a consistent theme, the details of their design may differ based upon local requirements. If modifications to the Vehicle are necessary to comply with applicable local laws and/or ordinances, you may be required to pay for the costs and expenses in making the necessary modifications to the Vehicle. You will also be required to purchase an initial inventory of Vehicle equipment, uniforms and supplies from us or our affiliates when you purchase the Vehicle. You will also be required to purchase and maintain a Driverseat-branding wrap for your Vehicle at all times during the term of the Franchise Agreement.

### 3.C COMPUTER SYSTEM.

You must use the computer programs and related materials developed for us in the operation of the Driverseat Business (collectively, the "**Software**"). You must obtain the software licenses, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). You must obtain computer hardware that meets the specifications in the Manual. You must maintain adequate internet access for your Terminal and are responsible for all related costs. You must obtain our required business VOIP phone system and service from our designated supplier, which may be us or our affiliate, and pay the then-current monthly fee. We reserve the ongoing right to maintain independent access to your computer system and Software at any time and for any reason. You will be required to upgrade the Software at your own cost whenever we require. This includes but is not limited to financial reporting Software that we may require. You must use our designated financial reporting software and our designated chart of accounts.


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3.D ADDITIONAL EQUIPMENT.

During the Initial Term, you must purchase, install, maintain and use only the equipment, signs, and supplies that conform to the standards and specifications described in the Manual or otherwise in writing. You must also have a mobile phone for use with your business. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Manual or through written communication (including electronic communication).

3.E VEHICLE STANDARDS.

Throughout the term of this Franchise Agreement, you must:

(1) maintain the Vehicle in accordance with our System Standards, as may be provided in the Manual or otherwise in writing and, at our request, periodically update or improve the decoration and/or design of the Vehicle. Any required update or improvement must be made within 30 days of our delivery of notice to you that such updates or improvements must be made at your sole expense;

(2) maintain the condition of the Vehicle as clean, orderly, and consistent with the image of a Driverseat Franchise as we prescribe from time to time, at your sole expense;

(3) not use the Vehicle for any purpose other than the operation of the Driverseat Franchise;

(4) place or display on the Vehicle only the signs, emblems, branding audio content, video content, lettering and logos we provide or approve from time to time;

(5) allow us to inspect the Vehicle in the frequencies and manners described in the Manual; and

(6) not transfer, sell, pledge, give away, or otherwise encumber the Vehicle without our prior written approval.

3.F BUSINESS OPENING.

You agree not to open the Driverseat Business for business until:

(1) we notify you in writing that the Driverseat Franchise meets our standards and specifications);

(2) you, and, if applicable, your Designated Manager (as defined in Section 9.F), and any other required attendees satisfactorily complete applicable portions of training before opening;

(3) you pay the initial franchise fee and all other amounts then due to us;

(4) you give us certificates for all required insurance policies (as described in Section 9.G); and

(5) you have received any regulatory approval that may be required to operate within your Territory.


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Subject to your compliance with these conditions, you agree to open the Driverseat Business to the public no more than 90 days after the Effective Date. The date that the Driverseat Franchise first opens to the public shall be the "**Opening Date**."

## 4. FEES.

### 4.A INITIAL FRANCHISE FEE.

Unless you are signing this Franchise Agreement under a Driverseat Area Development Agreement, in which case the payment schedule would be determined by the provisions of such area development agreement, upon execution hereof, you must pay us an initial franchise fee ("**Initial Franchise Fee**") when you sign this Franchise Agreement. The Initial Franchise Fee is based upon the population in the Territory. The Initial Franchise Fee and the Territory are set forth in Attachment A. The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances. The Initial Franchise Fee is in consideration of certain pre-opening assistance that we provide to allow you to open your Driverseat Business and our lost or deferred opportunity to enter into this Franchise Agreement with others, and it offsets some of our expenses for franchisee recruitment.

### 4.B ONBOARDING AND TRAINING FEE.

If this Franchise Agreement is for the first Driverseat Business that you operate, you must pay us an onboarding and training fee ("**Onboarding and Training Fee**") when you sign this Franchise Agreement. The Onboarding and Training Fee is $10,000. The Onboarding and Training Fee is fully earned by us when paid and is not refundable under any circumstances. The Onboarding and Training Fee is in consideration for our access to our online training materials and for our initial training program.

### 4.C ROYALTY FEE.

*Standard Royalty*: Beginning on the Opening Date, and continuing for the term of this Franchise Agreement, including any Interim Period, you agree to pay us royalty fees ("**Royalty**") as set forth in Attachment A. The Royalty fee is due on the 1st day of each month. Royalty fees are subject to adjustment on an annual basis in proportion to the changes in the Consumer Price Index. The Royalty and the Per Vehicle Royalty Fee (as defined below) are ongoing payments that allow you to use the Marks and the other intellectual property of the Franchise System and that pay for our ongoing support and assistance.

*Per Vehicle Royalty*: Beginning on the Opening Date, and continuing for the term of this Franchise Agreement, including any Interim Period, you agree to pay us, in addition to the Royalty described above, a monthly per-vehicle royalty ("**Per Vehicle Royalty Fee**") based on the number of Vehicles used in your Driverseat Business. You agree to pay us, on the 1st day of each month, the Per Vehicle Royalty Fee as set forth in Attachment A multiplied by the number of Vehicles used in your Driverseat Business in excess of your first Vehicle during any portion of the previous month.

### 4.D SOFTWARE LICENSE FEE, CREDIT CARD PROCESSING FEES, AND VEHICLE SOFTWARE FEE.

We reserve the right to require you to pay us our then-current monthly software license fee ("**Software License Fee**"), due on the 1st day of each month. The Software License Fee is for our cost in providing and maintaining software, email and data management, website hosting, access to our electronic systems, license of our mobile app, and other services. We reserve the right to increase this fee upon notice to you. We reserve the right to upgrade, modify, and add new technology and/or software.


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You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software. You must also pay our mobile app credit card processor a credit card processing and transaction fee ("**Credit Card Processing and Transaction Fee**") to process credit card payments through the mobile application. The Credit Card Processing and Transaction Fee varies based on the credit card company payments through the mobile application or any payment paid by credit card. The Credit Card Processing and Transaction Fee is incurred at the time a sale is processed. We further reserve the right to require you to pay us our then-current monthly fleet tracking software ("**Vehicle Software Fee**"), which may be assessed on a per-Vehicle basis. The Vehicle Software Fee is for our cost in providing and maintaining software and other technology related to fleet tracking and related services. We reserve the right to increase the Vehicle Software Fee upon notice to you. We reserve the right to upgrade, modify, and add new fleet tracking technology and/or software. You will be responsible for any increase in fees that results from any such upgrades, modifications, or additional software.

4.E PHONE SYSTEM FEE.

You must pay our affiliate the then current monthly fee for the business VOIP phone system service which you are required to use. We reserve the right to increase this fee.

4.F APPLICATION OF PAYMENTS.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Franchise Agreement.

4.G METHOD OF PAYMENT.

The Royalty, Per Vehicle Royalty Fee, Software License Fee, Vehicle Software Fee, and "Advertising Fund Contributions" (see Section 10.A below) shall be payable to Franchisor on a monthly basis via the method we designate, including electronic funds transfer ("**EFT**"), credit card payment, or whatever other method we designate from time to time. We reserve the right to require that you pay certain fees due to us or our affiliates by providing us, on an annual basis, with 12 post-dated checks covering the succeeding 12-month period, each written in an amount to cover one month of such fees. We have the right to periodically specify (in the Manual or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly or monthly payment, payment by auto-draft, credit card and payment by check. If you make any payment to us by credit card for any fee or required payment, we may charge a service charge of up to 5% of the total charge. You shall not subordinate to any other obligation its obligation to pay the Royalty, Per Vehicle Royalty Fee, or any other fee or charge due to us or our affiliate under this Franchise Agreement.

We may require you to remit fees and other amounts due to us under this Franchise Agreement via EFT or other similar means utilizing an approved computer system or otherwise. You agree to comply with our procedures and/or perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish payment by such method.

4.H LATE PAYMENTS/INSUFFICIENT FUNDS.

Any payment not made by the due date will be deemed overdue. In the event of any overdue amounts, you will pay us, besides the overdue amounts, (i) a late payment fee of $65 on the first occurrence, and $150 for each occurrence thereafter, and (ii) interest on such amounts from the date such amount were due until paid at the daily equivalent of 18% per year simple interest or the maximum rate


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permitted by law, whichever is less, calculated daily. Such interest will be in addition to any other remedies we may have under law or equity. We may debit your bank account automatically or deduct from amounts we owe you for service charges and interest. You acknowledge this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Driverseat Franchise.

If any check, electronic fund transfer payment, or credit card payment from you to us does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, a non-sufficient funds fee of $100 per incidence or the highest amount allowed by law.

## 5. TRAINING AND ASSISTANCE.

### 5.A INITIAL TRAINING.

You are required to complete our initial training program at the times and places we designate ("**Initial Training**"). The Managing Owner and, if applicable, Designated Manager (see Section 9.F) must attend and complete Initial Training to our satisfaction prior to the Driverseat Franchise opening for business.

We will provide Initial Training either virtually or in-person, at our discretion, at no charge for the Managing Owner and Designated Manager. Additional persons may attend Initial Training at no charge if space if available. You agree to pay for any and all travel and/or living expenses which your attendees incur. Any new Managing Owner or Designated Manger must also complete Initial Training, at our then-current fees, to our satisfaction within 90 days of appointment. If any of your attendees are unable to complete Initial Training to our satisfaction, we may terminate this Franchise Agreement without refunding your Initial Franchise Fee.

The Initial Training shall not be provided if: (i) you and/or any affiliate of yours owns or operates three (3) or more Driverseat Businesses as of the Effective Date, provided however, that we may, in our sole discretion, require you and members of your management staff, to complete the Initial Training at our then-current fees for additional training, if you (or your affiliate's) existing Driverseat Businesses are not in compliance with our standards and specifications, or (ii) this Franchise Agreement is executed as a Successor Franchise Agreement.

### 5.B ONGOING TRAINING.

In addition to the Initial Training Program above, during your first year of operation, you must participate in ongoing training programs that we have or may develop applicable to the launch and initial operations of your Driverseat Business, and you must complete this training to our satisfaction. These programs will be offered virtually. We do not charge for the first offering of this ongoing training. However, if you or your personnel do not complete this training to our satisfaction, we may require you to retake the training program, and pay our then-current registration costs for these programs. Each year that your Terminal is in operation, you must obtain at least one thousand five hundred (1,500) continuing engagement credits within the Driverseat system. These are credits we will establish from time to time for attending various training and engagement programs, and for other participations in the Driverseat system. If you fail to meet this minimum requirement in any year, you must pay us a fee as follows: If you earn less than 500 credits, you must pay a fee of $1,000; if you earn between 500 and 999 credits, you must pay a fee of $750; and if you earn between 1,000 and 1,499 credits, you must pay a fee of $500. The minimum required credits do not increase for each Terminal you own, but if you do not meet the minimum credit requirement, the fee is payable with respect to each franchise agreement you have signed


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containing this provision. The fee is due the first quarter of the following fiscal year. The number of required credits will be prorated for any partial year your Terminal is in operation.

Your previously trained and experienced employees and any newly hired employees must satisfactorily complete any required training courses, annual meetings, and continuing education courses we periodically provide, or designate a third party to provide, at your cost at the times and locations we designate. We may charge a tuition fee for these courses. You agree to pay all travel and living costs of your attendees. We may require you to attend, at your expense, all annual franchise conventions we may hold or sponsor and meetings related to new products or services, new operational procedures or programs, training, management, sales or sales promotion, or similar topics. We may charge you an attendance fee for our annual convention to cover our costs for conducting the convention, which fee will be non-refundable and due even if you do not attend the convention. We may collect the attendance fee in monthly installments. You will be responsible for all your attendees' travel expenses, living expenses, and if applicable, their resort passes and/or additional conference passes. If you do not attend our convention, you must purchase our required materials used for training in lieu of the convention at our then-current price. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

5.C GENERAL GUIDANCE.

We will advise you from time to time regarding the Driverseat Franchise operation based on your reports or our inspections and will guide you with respect to: (1) standards, specifications, operating procedures and methods that Driverseat Franchises use; (2) purchasing required and authorized assets and other items and arranging for their distribution to you; (3) advertising and marketing materials and programs; (4) employee training; and (5) administrative, bookkeeping, accounting, and inventory control procedures. We will guide you in our confidential Manual; in bulletins or other written materials; by electronic media; by telephone consultation; and/or at our office. We may provide you additional assistance, including training, upon your request, in our discretion. We also may require you or your personnel to complete additional training if we determine, in our discretion, it is needed. If we provide any such assistance or training, you will be required to pay our then current fees.

5.D MANUAL.

We will provide you access to one copy of our Manual, which may include audio, video, websites, software, other electronic media, and/or written materials. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("**System Standards**") we periodically prescribe for operating a Driverseat Business and information on your other obligations under this Franchise Agreement. We may modify the Manual periodically to reflect changes in System Standards.

You agree the Manual's contents are confidential and that you will not disclose the Manual to any person other than Driverseat Franchise employees who must know its contents. You will require anyone who may have access to the Manual to sign a confidentiality agreement (the current form of which is attached to the Franchise Disclosure Document in Exhibit I). You may not copy, duplicate, record, or otherwise reproduce any part of the Manual. You agree to monitor and access the website or extranet for any updates to the Manual or System Standards. Any passwords or other digital identifications necessary to access the Manual on a website or extranet will be deemed part of Confidential Information (defined in Section 7 below).


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5.E DELEGATION OF PERFORMANCE.

You agree we have the right to delegate to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted (1) the performance of any portion or all of our obligations under this Franchise Agreement, and (2) any right that we have under this Franchise Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Franchise Agreement.

5.F STAFFING.

You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Driverseat Franchise. You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine. You may need to purchase additional supplies or replacements for your uniforms from time to time. You understand and acknowledge it is your responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Driverseat Business and meet your obligations under this Franchise Agreement. You alone are responsible for all employment decisions and functions of your Driverseat Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. We will not have the power to hire or fire your employees and/or independent contractors. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and you agree to indemnify us for any such liabilities we incur. You expressly agree, and will never contend otherwise, that our authority under this Franchise Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for the Driverseat Business does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

## 6. INTELLECTUAL PROPERTY.

6.A OWNERSHIP AND GOODWILL OF MARKS.

Your right to use the Marks is derived only from this Franchise Agreement and limited to your operating the Driverseat Franchise according to this Franchise Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Franchise Agreement and infringes our rights in the Marks. You acknowledge and agree that any unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree your use of the Marks and any goodwill established by that use are exclusively for our benefit and this Franchise Agreement confers no goodwill or other interests in the Marks upon you (other than the right to operate the Driverseat Franchise under this Franchise Agreement). All provisions of this Franchise Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this


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Franchise Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

6.B LIMITATIONS ON YOUR USE OF MARKS.

You agree to use the Marks as the Driverseat Franchise's sole identification, except you agree to identify yourself as its independent owner and operator in the manner we prescribe. You have no right to sublicense or assign your right to use the Marks. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, or (4) in any other manner we have not expressly authorized in writing. You may not use any Mark as part of any domain name, homepage, electronic address, or otherwise in connection with a website, without our prior written consent, which we may withhold in our sole discretion, and then only on the terms we specify.

You may not use any Mark in advertising the transfer, sale, or other disposition of the Driverseat Franchise or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe on the Vehicle and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations we specify and to obtain any fictitious or assumed name registrations required under applicable law.

6.C NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. Upon receipt of timely notice of action, claim or demand against you related to any Mark, we shall have the sole right, but not the duty, to defend any such action. We may take the action we deem appropriate (including no action) and exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. If we, in our sole discretion, determine you have used the Marks under this Franchise Agreement, we will pay for such defense, including the cost of any judgment or settlement. In any defense or prosecution of any litigation related to any Mark, you shall cooperate with us. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. At our option, you will join in any action, and, so long as we determine that your use of the Marks was in compliance with this Franchise Agreement, we shall reimburse you for any costs that you incur in joining the action. Any recovery will first go towards reimbursing us for any expenses that we incurred and the remainder, if any will be split equally between us.

6.D DISCONTINUANCE OF USE OF MARKS.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing Driverseat Franchise signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 6 apply to any and all of the Marks (and any portion of any Mark) we authorize you to use in this Franchise Agreement. We may exercise these rights at any time and for any


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reason, business or otherwise, in our sole discretion. You acknowledge both our right to take this action and your obligation to comply with our directions.

6.E COPYRIGHTED MATERIALS.

You acknowledge and agree that:

(1) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by us, and used with the Marks or in association with the Driverseat Franchise ("**Copyrighted Materials**") is our property.

(2) You shall not dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Copyrighted Materials or our ownership of the Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will you take any action inconsistent with our ownership of the Copyrighted Materials, nor will you represent that you have any right, title, or interest in the Copyrighted Materials other than those expressly granted by this Franchise Agreement.

(3) We may, in our sole and absolute discretion, apply to register or register any copyrights or patents with respect to the services and products associated with the Franchise System and the Copyrighted Materials. Our failure to obtain or maintain in effect any such application or registration is not a breach of this Franchise Agreement. You shall not, before or after termination or expiration of the Franchise Agreement, register or apply to register any Copyrighted Materials, anywhere in the world.

(4) Upon our request, you shall cooperate fully, both before and after termination or expiration of this Franchise Agreement and at our expense, in confirming, perfecting, preserving, and enforcing our rights in the Copyrighted Materials, including but not limited to, executing and delivering us such documents as we reasonably request for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the services and products associated with the Franchise System. You hereby irrevocably appoint us as your attorney-in-fact for the purpose of executing such documents.

(5) We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the copyrighted materials.

(6) You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action which you may have in connection with this authorization.

6.F IMPROVEMENTS.

During the Initial Term, or any Interim Period, any improvements or additions to the Franchise System, patents, Copyrighted Materials, recipes, website or any other documents or information pertaining to or relating to the Franchise System or the Driverseat Franchise, or any new trade names,


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trade and service marks, logos, or commercial symbols related to the Driverseat Franchise or any advertising and promotional ideas or inventions related to the Driverseat Franchise (collectively, the "**Improvements**") that you conceive or develop shall become our property. You agree to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Driverseat franchisees without any obligation to you for royalties or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and Trade Secrets. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you are our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which you and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

## 7. CONFIDENTIAL INFORMATION.

### 7.A DRIVERSEAT CONFIDENTIAL INFORMATION.

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law ("**Confidential Information**"), relating to developing and operating Driverseat Franchise, including (without limitation):

(1) territory selection criteria;

(2) training and operations materials and manuals;

(3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Driverseat Franchise;

(4) marketing and advertising programs for Driverseat Franchise;

(5) knowledge of, specifications for and suppliers of assets and other products and supplies;

(6) any computer software or similar technology proprietary to us or the Franchise System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(7) knowledge of the operating results and financial performance of Driverseat Franchises other than the Driverseat Franchise; and


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(8) all customer data, lists and other information generated by Driverseat Franchises.

Confidential Information does not include information, knowledge, or knowhow which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, when we disclosed it to you, already had lawfully become generally known in the transportation services industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the transportation services industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims it is not Confidential Information must prove that one of the exclusions in this paragraph is fulfilled.

You, your owners, and, if applicable, your Designated Manager must sign a written agreement, in the form attached to the Franchise Disclosure Document, to maintain confidential our Confidential Information described in Sections 7 and 16, and to abide by the covenants not to compete described in Section 16.

7.B RESTRICTIONS ON CONFIDENTIAL INFORMATION.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Driverseat Franchise during the term of this Franchise Agreement and that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

(1) will not use Confidential Information in any other business or capacity;

(2) will keep each item deemed part of Confidential Information absolutely confidential, both during this Franchise Agreement's term and then thereafter for as long as the item is not generally known in the transportation services industry;

(3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

(4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Driverseat Franchise personnel and others and using non-disclosure, non-competition, and non-solicitation agreements with those having access to Confidential Information. We have the right to regulate the form of agreements you use and to be a third party beneficiary of those agreements with independent enforcement rights.

## 8. EXCLUSIVE RELATIONSHIP.

You acknowledge that we have granted you the Driverseat Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Franchise Agreement's term, neither you, any of your owners, nor any of your or your owners' spouses or other immediate family members will:

(1) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise, in a Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than three percent (3%) of a Competitive Business whose stock or other forms of ownership interest are


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publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or customer of the Driverseat Franchise to a Competitive Business; or

(4) engage in any other activity which may injure the goodwill of the Marks, Patent, and/or Franchise System.

The term "Competitive Business" means any business that derives any revenue from the transportation of people or any business granting franchises or licenses to others to operate a business involving the transportation of people. A Competitive Business does not include a Driverseat Franchise operated under a franchise agreement with us.

You agree to obtain similar covenants from the personnel we specify, including officers, directors, managers and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement you use and to be a third party beneficiary of that agreement with independent enforcement rights.

## 9. SYSTEM STANDARDS.

### 9.A CONDITION AND APPEARANCE OF THE DRIVERSEAT FRANCHISE.

You agree that:

(1) you will maintain and refurbish the condition and appearance of the Driverseat Franchise, including the Vehicle, in accordance with System Standards and consistent with the image of a Driverseat Franchise as an efficiently operated business offering high quality services and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and in that connection will take, without limitation, the following actions during the term of this Franchise Agreement: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Vehicle at intervals we prescribe; (b) interior and exterior repair of the Vehicle; and (c) repair or replacement of damaged, worn out or obsolete assets used in the operation of the Driverseat Franchise;

(2) you will place or display on the Vehicle only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials we from time to time approve;

(3) if at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Vehicle, equipment, or signs does not meet our standards, we have the right to notify you, specifying the action you must take to correct the deficiency.

(4) at our request, you will periodically improve and modify the Vehicle to conform to the then-current System Standards.

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9.B STANDARDS ON SERVICES OFFERED.

You agree that: (1) the Driverseat Franchise will offer the services we specify from time to time; (2) the Driverseat Franchise will offer and sell services only in the manner we have prescribed; (3) you will not offer for sale, or sell any services we have not approved; and (4) you will discontinue selling and offering for sale any services we at any time decide (in our sole discretion) to disapprove in writing.

9.C CUSTOMER INFORMATION.

We may contact any customer of any Driverseat Franchise at any time for any purpose. Also, if a customer or other patron of the Driverseat Franchise who wishes to lodge a complaint contacts us, we reserve the right to address the person's complaint to preserve goodwill and prevent damage to the brand. Our right to address complaints may include refunding money to the complaining person, in which case you must reimburse us for these amounts. We, or our authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by you and us, to inspect all customer lists and documents and records related thereto. Upon reasonable request, you must furnish to us, in whatever format we require, all customer information and records for the Driverseat Franchise.

9.D APPROVED PRODUCTS, DISTRIBUTORS AND SUPPLIERS.

We have developed or may develop standards and specifications for types, models and brands of required equipment, signs, and other products, materials and supplies. We reserve the right from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates.

We may designate ourselves as the approved distributor or supplier, or we may designate a single distributor or supplier for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products, including your computer system. The designated supplier may be us or an affiliate of ours. You must provide us with any data relating to your Driverseat Franchise we may request.

We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for services and products we or our affiliates provide to you and from payments made to us or our affiliates by suppliers we designate or approve for some or all of our franchisees.)

If you would like to purchase any items from any unapproved supplier or distributor, you must submit to us a written request for approval of the proposed supplier or distributor. (Alternatively, the proposed supplier or distributor may submit its own request.) We will use commercially reasonable efforts to notify you within 60 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service or to purchase or lease the product or service from that supplier or provider. We may charge the cost of evaluating a proposed new vendor/supplier and/or its product to you or the vendor/supplier. We have the right to inspect the proposed supplier's or


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distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. We have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet any of our criteria.

In the event you offer any products or services that we have not authorized, or if you use any supplier, vendor, or distributor, that we have not authorized (where such authorization is required) you shall (i) cease and desist offering or providing the unauthorized product or service, or using the unauthorized supplier, vendor, or distributor, and (ii) pay us, on demand, a prohibited product, service, or supplier fine equal to $250 per day for each day such unauthorized product, service or supplier is offered or used. The prohibited product or service fine shall be in addition to all other remedies available to us under this Franchise Agreement or at law.

9.E COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain in force all required licenses, permits, insurance and certificates relating to the operation of the Driverseat Franchise and must at all times operate the Driverseat Franchise in full compliance with all applicable laws, ordinances and regulations (including, without limitation, government regulations relating to truth-in-lending, Department of Transportation regulations, safety, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance). You must withhold and pay all applicable federal and state taxes, social security taxes and sales and service taxes. The Driverseat Franchise must in all dealings with its customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice, which may be injurious to our business and the goodwill associated with the Marks and other Driverseat Franchises. You must notify us in writing within five (5) days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Driverseat Franchise and of any notice of violation of any law, ordinance, or regulation relating to the Driverseat Franchise.

9.F MANAGEMENT OF THE DRIVERSEAT FRANCHISE.

Subject to this Section, the Driverseat Franchise shall be managed by you, or if you are an Entity, by the Managing Owner, for at least the first 60 days of operation. At your request, we may, but are not obligated to, agree for you to employ a Designated Manager after the first 60 days of operation (other than the Franchisee/ Managing Owner) to operate the Driverseat Franchise. The term "**Designated Manager**" means an individual with primary day-to-day responsibility for the Driverseat Franchise's operations, and may be you (if you are an individual) or an owner, officer, director, or employee of yours (if you are other than an individual). The Designated Manager shall have similar responsibilities as a Managing Owner. You must deliver to us an amended Attachment A accurately identifying the Designated Manager. The Managing Owner, or Designated Manager (if any), will be obligated to devote his or her full time, best efforts, and constant personal attention to the Driverseat Franchise's operations, and must have full authority from you to comply with this Franchise Agreement. You must hire drivers to drive the Vehicles, allowing the Managing Owner (or Designated Manager, if any) to devote full-time efforts to managing your Driverseat Business. You must not hire any Designated Manager or successor Designated Manager without first receiving our written approval of such Designated Manager's qualifications. Each Designated Manager must attend and complete our initial training (as detailed in Section 5 of this Franchise Agreement) and sign a noncompetition and confidentiality written agreement,


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in the form attached to the Franchise Disclosure Document in Exhibit I. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your Designated Manager (if any) is not qualified to act as designated manager of the Driverseat Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position. If you are required to appoint a new Designated Manager, you must do so within 30 days of the termination of the previous Designated Manager.

9.G INSURANCE.

Franchisee and any operator of any Vehicle must obtain and maintain insurance in the amounts and types of coverage we require. Franchisee shall procure, maintain and provide evidence of insurance as follows: (a) workers' compensation insurance in amounts prescribed by law in your Territory (if required by law); (b) comprehensive general liability insurance coverage not less than $1,000,000, insuring both you and us against all claims, suits, obligations, liabilities and damage, including attorney fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Vehicle and operation of the Driverseat Business; (c) automobile vehicle liability insurance covering the driving of each Vehicle in an amount of not less than $2,000,000 per Vehicle; and (d) such additional insurance as we may periodically require. All of these policies must contain the minimum coverage we periodically prescribe in our Manual or other written communications to you, and must have deductibles not to exceed the amounts we specify. If your state requires higher coverages than we prescribe, you will be required to obtain insurance that satisfies your state law requirements. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances as provided in our Manual, as amended from time to time. These insurance policies must be purchased from an insurance company satisfactory to us as must be rated "A" or better by A.M. Best & Company, Inc. and be authorized to do business in the state where your Driverseat Business is located. The policies, except for employment liability insurance policies, must name us and any affiliates we designate as additional named insureds and provide for 30 days prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You routinely must furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail to obtain insurance, we may (but are not obligated to) obtain insurance for you, in which event you must reimburse us for the cost of insurance obtained plus 20% of the premium for the administrative cost of obtaining the insurance.

9.H PRICING.

We may, from time to time, make suggestions to you regarding your pricing policies in compliance with applicable laws. We retain the right to establish minimum and maximum prices to be charged by you, subject to applicable laws, but any exercise of that right will be specifically set forth in writing. It is furthermore understood and agreed that any list or schedule of prices furnished to you by us may unless otherwise specifically stated as to the minimum or maximum price be treated as a recommendation only and failure to accept or implement any such suggestion may not in any way affect the relationship between you and us.

9.I COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that operating and maintaining the Driverseat Franchise according to System Standards is essential to preserve the goodwill of the Marks and all Driverseat Franchises. You agree at all times to operate and maintain the Driverseat Franchise according to all of our System


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Standards, as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the Franchise System's or your best interests. Although we retain the right to establish and periodically modify System Standards you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the Driverseat Franchise and implementing and maintaining System Standards at the Driverseat Franchise.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 9.A through 9.I above:

(1) amounts and types of equipment and inventory requirements for products and supplies so the Driverseat Franchise may operate at full capacity;

(2) terms and conditions of the sale and delivery of, and terms and methods of payment for services and products you obtain from us and affiliated and unaffiliated suppliers; and our affiliates' right not to sell you any products or to provide services, or to do so only on a "cash on delivery" or other basis, if you are in default under any agreement with us;

(3) sales, marketing, advertising, and promotional programs and materials and media used in these programs;

(4) use and display of the Marks for the Driverseat Business and on labels, forms, paper, products, and other supplies;

(5) identifying the Driverseat Franchise personnel; employee qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions); and requirements for you and your Driverseat Business personnel to pass designated background checks prior to commencing work in your Driverseat Business, and on a periodic basis thereafter, that is free of any crime or offense that we believe is reasonably likely to have an adverse effect on the System or the Marks;

(6) days and hours of operation;

(7) participation in market research and testing and product and service development programs and participation in, and dues assessed for, advisory councils;

(8) accepting credit and debit cards, using credit card vendors, other payment systems, and check verification services and compliance programs and systems relating to the same. The term "credit card vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet");

(9) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the Driverseat Franchise; and

(10) any other aspects of operating and maintaining the Driverseat Franchise we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Driverseat Franchise.


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You agree that System Standards we prescribe in the Manual, or otherwise communicate to you in writing or another tangible form (for example, via a Franchise System extranet or website), are part of this Franchise Agreement as if fully set forth within its text. All references to this Franchise Agreement include all System Standards as periodically modified.

9.J MODIFICATION OF SYSTEM STANDARDS.

We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the Driverseat Franchise and/or incur higher operating costs. You agree to implement any changes in System Standards within the time we request, whether they involve refurbishing or remodeling the Vehicle or any other aspect of the Driverseat Franchise, buying new equipment and/or assets, adding new services and products, adding personnel or otherwise modifying your operations, as if they were part of this Franchise Agreement as of the Effective Date.

Because complete and detailed uniformity under many varying conditions may not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider best, in our sole discretion, to modify System Standards for any franchise owner based upon circumstances we consider important to promote that franchise owner's, or the Franchise System's successful operation. We may choose not to authorize similar variations or accommodations to you or other franchisees and are not required to do so.

9.K MYSTERY SHOPPER PROGRAM.

To ensure uniformity and compliance with the System Standards, we may send a mystery shopper or similar third party to your Driverseat Business. We may, but are not obligated to, share the results of the mystery shopper with you. You will not be charged for any mystery shoppers we send to your Driverseat Business unless it is done at your request.

## 10. MARKETING.

10.A ADVERTISING FUND CONTRIBUTIONS.

If established, you must contribute a monthly advertising fee to the Advertising Fund ("**Advertising Fund Contribution**") up to $300 per month. The Advertising Fund Contribution is due on the first (1st) day of each month and is payable by EFT. The Advertising Fund will be administered by us for all franchisees (subject to prior contractual restrictions on other franchisees) for the advertising, marketing, and public relations programs and materials we deem appropriate. We have the right to periodically specify (in the Manual or otherwise in writing) different payment methods, such as, but not limited to, weekly or monthly payment, payment by auto-draft, credit card and payment by check for the Advertising Fund Contributions. We reserve the right to adjust your Advertising Fund payments annually based on the Consumer Product Index.

10.B USE OF ADVERTISING FUNDS.

(1) The following provisions apply to the Advertising Fund:

(a) We will direct all programs that the Advertising Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.


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(b) We will account for the Advertising Fund separately from our other funds and not use the Advertising Fund for our general operating expenses.

(c) We do not have any fiduciary obligation for administering the Advertising Fund. The Advertising Fund may spend in any fiscal year more or less than the total Advertising Fund payments in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Advertising Fund payments to pay costs before using the Advertising Fund's other assets.

(d) We will prepare an annual, unaudited statement of Advertising Fund collections and expenses and give you the statement within 45 days upon the receipt of a written request. We may incorporate the Advertising Fund or operate each through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 10.

(e) We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Advertising Fund payments at the Advertising Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Advertising Fund. Except as expressly provided in this Section 10, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Advertising Fund.

(f) We may defer or reduce any Driverseat franchisee's required payments to the Advertising Fund and, upon 30 days' prior written notice to you, reduce or suspend Advertising Fund payments and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Advertising Fund. If we terminate the Advertising Fund, we will distribute all unspent monies to our franchise owners, and to us and our affiliates, in proportion to their, and our, respective Advertising Fund payments during the preceding 12 month period.

(g) The Advertising Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining websites that promote Driverseat Franchises and/or related strategies; administering regional and multiregional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

(h) The Advertising Fund periodically may give you samples of advertising, marketing, and promotional formats and materials at no cost.

(i) We may use the Advertising Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Advertising Fund, the Advertising Fund's other administrative costs, travel expenses of personnel while they are on Advertising Fund business, meeting costs, overhead relating to Advertising Fund business, and other expenses we incur in activities reasonably related to administering or directing the Advertising Fund and its programs, including, without limitation, conducting market research, public relations, preparing


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advertising, promotion, and marketing materials, and collecting and accounting for Advertising Fund payments.

(j) We intend the Advertising Fund to maximize recognition of the Marks and patronage of Driverseat Franchises. Although we will try to use the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Driverseat Franchise, we cannot ensure that Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to Advertising Fund payments by contributors operating in that geographic area or that any contributor benefits directly or in proportion to its Advertising Fund payment from the development of advertising and marketing materials or the placement of advertising and marketing.

(k) You understand and acknowledge that your Driverseat Franchise may not benefit directly or in proportion to its payment to the Advertising Fund from the development and placement of advertising and development of marketing materials.

10.C LOCAL ADVERTISING.

You will conduct a grand opening program within your first 60 days of operation and expend a minimum of $2,000. The pre-opening advertising program must comply with our standards and specifications as set forth in the Manual, and you must use advertising, marketing, and public relations programs, firms, media, and materials that we approve in writing.

You must spend at least $300 per month ("**Minimum Advertising Expenditure**") on local advertising. We have the right to require that you provide us with proof that these funds were spent. If you fail to spend the Minimum Advertising Expenditure in any given month, you must pay to us the difference between the amount you spent and the Minimum Advertising Expenditure, which will be contributed to the Advertising Fund, if established. If you fail to meet the Minimum Sales Volume set forth in Attachment A, you must spend $600 per month on local advertising until you meet the requirement. If you desire to use your own advertising materials all advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies we may require from time to time. Before you conduct any advertising or marketing you must send us or our designated agency samples of your proposed materials for review, and we must approve the materials in writing before you may use them. You must order sales and marketing material from us or our designated suppliers. You may incur additional printing costs in preparing and distributing marketing material. You may not use any advertising, promotional, or marketing materials we have not approved or have disapproved. You may not advertise via the internet or a worldwide web page unless we have authorized you to do so in writing. You must obtain our written approval before you establish any online presence and/or social networking site, profile, account, or hashtag that refers to us, your Driverseat Business, or the System. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of $500 per occurrence to us, or if established, the Advertising Fund.

We may require you to participate in any local or regional advertising cooperative for Driverseat Businesses that are established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute up to $150 per month for each Driverseat Business that the franchisee owns that exists within the cooperative's area ("**Coop Payments**"). If we require you to participate in an advertising cooperative, you will be able


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to designate a portion of the monies otherwise spent on local advertising towards the Coop Payments. The Coop Payments will be paid directly to us. Members of the cooperative will be responsible for determining how the Coop Payments will be spent in the local cooperative area. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Manual, which we may periodically modify at our discretion.

10.D FRANCHISE SYSTEM WEBSITE.

We have established one or more websites to advertise, market, and promote Driverseat Franchises and the services that Driverseat franchisees offer and sell ("**System Website**"). We will reference the Driverseat Franchise in the manner we determine from time to time. You must give us the information we request from time to time concerning your Driverseat Franchise to include on the System Website. By providing the information to us, you will be representing to us it is accurate and not misleading and does not infringe any third party's rights. We will own all intellectual property and other rights in the System Website, all information on it and all information generated from it (including the domain name or URL, the log of "hits" by visitors, and any personal or business data that visitors supply).

For as long as we maintain the System Website, we shall have the right to use the Advertising Fund's assets to develop, maintain and update the System Website. We periodically may update and modify the System Website. You must promptly notify us whenever any information on your listing changes or is not accurate. You acknowledge that we have final approval rights over all information on the System Website. We may implement and periodically modify System Standards relating to the System Website. You may not, without our prior written approval, develop, maintain or authorize any other website that mentions or describes you or the Driverseat Franchise or displays any of the Marks. Nothing in this Section shall limit our right to maintain websites other than the System Website. If you default on any of your obligations under this Franchise Agreement, we may temporarily remove all references to your Driverseat Franchise from the System Website until you fully cure all such defaults.

## 11. REPORTS.

You must maintain, and shall preserve for the time period specified in the Manual, full, complete and accurate books, records, and accounts in accordance with the standard accounting system prescribed by us in the Manual or otherwise in writing. You must provide to us as requested full, complete, and accurate call taking, dispatching and trip records as prescribed by us in the Manuals or otherwise in writing. You agree to comply with all reporting requirements we prescribe. Upon our request you must provide to us, at your expense and in a form acceptable to us, timely financial statements and accounting reports we specify within five (5) days of our request. If you fail to submit Driverseat Franchise-related items when required under this Section, we may charge you $100 per occurrence, plus $100 per week until the report is submitted. We shall have the right to terminate the Franchise Agreement as provided in Section 15.B for your failure to submit records and reports when requested.

You or your Managing Owner must certify and sign each report and financial statement in the manner we prescribe. We may disclose or use the data derived from these reports, your year-end reports, and any other financial statements from the operation of your Driverseat Franchise, for any purpose we deem appropriate, in our sole discretion. If we utilize your Driverseat Franchise's financial statements for disclosure in our Franchise Disclosure Document, we may be required to disclose identifying information about your Driverseat Franchise in such disclosure.


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## 12. INSPECTIONS AND AUDITS.

12.A OUR RIGHT TO INSPECT THE DRIVERSEAT FRANCHISE.

To determine whether your Driverseat Franchise is in compliance with this Franchise Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect the Driverseat Vehicle; (2) inspect and copy any books, records, and documents relating to the Driverseat Franchise operation. You agree to cooperate with us fully under this Section. If we exercise any of these rights, we will not interfere unreasonably with the Driverseat Franchise operation.

12.B OUR RIGHT TO AUDIT.

We may at any time during your business hours, and without prior notice to you, examine your and the Driverseat Franchise business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. We may also conduct an audit through independent auditors, which may involve auditors conducting an examination at the location of your Driverseat Franchise or, alternatively, you submitting materials to auditors. You agree to cooperate fully with our representatives and independent accountants in any examination. If any audit reveals that you understated or underreported any revenue or if you fail to submit required reports, you must reimburse us for the cost of audit and inspection, including any related accounting and legal expenses, plus a late fee of one and one-half percent (1.5%) interest per month on understated amounts.

## 13. TRANSFERS.

13.A TRANSFER BY US.

You acknowledge that we maintain a staff to manage and operate the Franchise System and that staff members can change as employees come and go. You acknowledge that you did not sign this Franchise Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Franchise Agreement and any other agreement to a third party without restriction. After our assignment of this Franchise Agreement to a third party who expressly assumes the obligations under this Franchise Agreement, we no longer will have any performance or other obligations under this Franchise Agreement.

13.B TRANSFER BY YOU.

(1) You understand and acknowledge that the rights and duties this Franchise Agreement creates are personal to you and your owners and that we have granted you the Driverseat Franchise in reliance upon our perceptions of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. None of the following may be transferred without our prior written approval: (i) this Franchise Agreement (or any interest in this Franchise Agreement); (ii) the Driverseat Franchise (or any right to receive all or a portion of the Driverseat Franchise's profits, losses, purchase price, or capital appreciation related to the Driverseat Franchise); (iii) substantially all of the assets of the Driverseat Franchise including, without limitation, the Vehicle; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your owners (if such owners are legal entities). A transfer of the Driverseat Franchise ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Franchise Agreement. Any transfer without our approval is a breach of this Franchise Agreement and has no effect.


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In this Franchise Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

(a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;

(b) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(c) any sale of a security convertible to an ownership interest;

(d) transfer of an interest in you, this Franchise Agreement, the Driverseat Franchise or substantially all of its assets, or in your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(e) if one of your owners or an owner of one of your owners dies, a transfer of an interest in you or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(f) foreclosure upon the Driverseat Franchise, or your transfer, surrender, or loss of the Driverseat Franchise possession, control, or management.

You may not pledge this Franchise Agreement (to someone other than us), or an ownership interest in you or your owners as security for any loan or other financing, unless (1) we grant our prior written consent and, (2) unless we agree otherwise in writing, the lender agrees its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

(2) If this Franchise Agreement has been executed pursuant to an Area Development Agreement with us (whether or not such agreement remains in effect), then if three or fewer Driverseat Businesses are operated pursuant to the Area Development Agreement, we reserve the right to require that all Driverseat Businesses operated pursuant to the Area Development Agreement be included in the proposed transfer.

Further, if this Franchise Agreement and all other franchise agreements executed pursuant to such Area Development Agreement are transferred (as approved by us) we reserve the right to require that all franchise agreements be concurrently transferred/assigned to the same assignee.

13.C CONDITIONS FOR APPROVAL OF TRANSFER.

If you are in full compliance with this Franchise Agreement, subject to the other provisions of this Section 13, we will approve a transfer that meets all of the requirements in this Section. A non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and meet our then applicable standards for Driverseat Franchise owners (including no ownership interest in or performance of services for a Competitive Business). If the proposed transfer is of this Franchise Agreement or a controlling ownership interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which


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these transfers take place) which in the aggregate transfer this Franchise Agreement or a controlling ownership interest in you or one of your owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) the transferee has sufficient business experience, aptitude, and financial resources to operate the Driverseat Franchise;

(2) you have paid all Royalties, Per Vehicle Royalty Fees, and Advertising Fund Contributions, and other amounts owed to us, our affiliates, and third party vendors, including any outstanding financing for the Vehicle; have submitted all required reports and statements;

(3) you have not violated any provision of this Franchise Agreement or any other agreement with us during both the 60 day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(4) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(5) the transferee (or its Managing Owner, or, if applicable, Designated Manager) satisfactorily complete our training program, and pay us our then-current Onboarding and Training Fee;

(6) the transferee agrees (if the transfer is of this Franchise Agreement) to upgrade and refurbish the Driverseat Franchise, including the Vehicle, in accordance with our current requirements and specifications for the Driverseat Franchise within 45 days after the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions it must take within this time period) and to deposit with us the estimated cost to complete the upgrade or remodel;

(7) the transferee shall (if the transfer is of this Franchise Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then-current form of franchise agreement and related documents, including but not limited to our then current form of Owners Agreement or other guaranty, any and all of the provisions of which may differ materially from any and all of those contained in this Franchise Agreement;

(8) you or the transferee pays us a transfer fee equal to: $3,500 if the transfer is to a third party; or $2,000 if the transfer is to an existing Driverseat franchise. All transfers require a $1,000 non-refundable deposit upon the request for our approval of the transfer and the remaining balance at the time of approved transfer;

(9) unless prohibited by state law, you and your transferring owners sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents;

(10) if you or your owners have leased property to conduct the Driverseat Business, your landlord must consent to transfer of lease;


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(11) you and your transferring owners (and your and their spouses and other immediate family members) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 16.D below;

(12) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Driverseat Franchises you own and operate) identify yourself or themselves or any business as a current or former Driverseat Franchise or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Driverseat Franchise in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us; and

(13) you will reimburse us upon receipt of our invoice for any broker or other placement fees we incur as a result of the transfer.

We may review all information regarding the Driverseat Franchise you give the transferee, correct any information we believe is inaccurate, and give the transferee copies of any reports you have given us or we have made regarding the Driverseat Franchise.

13.D TRANSFER TO A WHOLLY OWNED CORPORATION OR LIMITED LIABILITY COMPANY.

Notwithstanding Section 13.C above, you may transfer this Franchise Agreement to an Entity which conducts no business other than own and operate the Driverseat Franchise and, if applicable, other Driverseat Franchises, in which you maintain management control, and of which you own and control 100% of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Driverseat Franchise assets are owned, and the Driverseat Business is conducted, only by that Entity. The Entity must expressly assume all of your obligations under this Franchise Agreement and the Entity's owners must sign the personal guaranty attached to this Franchise Agreement as Attachment C. You will be required to reimburse us for any legal fees we incur with a transfer under this Section 13D and to cure any outstanding defaults of this Franchise Agreement prior to the transfer.

13.E YOUR DEATH OR DISABILITY.

(1) Transfer Upon Death or Disability. Upon your or your Managing Owner's death or disability, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Franchise Agreement, or the Managing Owner's ownership interest in you, to a third party (which may be your or the Managing Owner's heirs, beneficiaries, or devisees or other owners of the Entity). Your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must apply to us for the right to transfer within 30 calendar days of your death or disability. The transfer must be completed within a reasonable time, not to exceed 30 days from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. A failure to transfer your interest in this Franchise Agreement or the Managing Owner's ownership interest in you within this time period is a breach of this Franchise Agreement. The term "disability" means a mental or physical disability, impairment, or condition reasonably expected to prevent or actually does prevent you or the Managing Owner from supervising the management and operation of the Driverseat Franchise.


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(2) Operation Upon Death or Disability or Default. If, upon your or the Managing Owner's death or disability, a manager approved by us is not managing the Driverseat Franchise, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must within 15 days from the date of death or disability, appoint a replacement manager. The manager must complete our standard Initial Training at your expense. If applicable, a new Managing Owner acceptable to us also must be appointed for the Driverseat Franchise within 30 days of the date of the death or disability. If, in our judgment, the Driverseat Franchise is not being managed properly any time after your or the Managing Owner's death or disability, or at any time that you are in default of the Franchise Agreement, we may, but need not, assume the management of the Driverseat Franchise (or appoint a third party to assume its management). All funds from the operation of the Driverseat Franchise while it is under our (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. We may charge you (in addition to the Royalty, Per Vehicle Royalty Fee, and Advertising Fund Contributions and other amounts due under this Franchise Agreement) an amount equal to $500 per day that the Driverseat Franchise is managed by us or a third party, plus our (or the third party's) direct out of pocket costs and expenses, if we (or a third party) assume the management of the Driverseat Franchise under this subparagraph. We (or a third party) have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Driverseat Franchise incurs, or to any of your creditors for any products, other assets, or services the Driverseat Franchise purchases, while we (or a third party) manage it.

13.F EFFECT OF CONSENT TO TRANSFER.

Our consent to a transfer of this Franchise Agreement and the Driverseat Franchise, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Driverseat Franchise's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Franchise Agreement.

13.G OUR RIGHT OF FIRST REFUSAL.

If you or any of your owners at any time determine to sell or transfer an interest in this Franchise Agreement, the Driverseat Franchise, or an ownership interest in you (except to or among your current owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Sections 13.B and 13.C above, you or your owners agree to obtain from a responsible and fully disclosed buyer, and send to us a true and complete copy of, a bona fide executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Franchise Agreement and the Driverseat Franchise. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 13.B and 13.C above. We may require you or your owners to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within 30 days after we receive both an exact copy of the offer and we have received to our satisfaction all other information we


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request concerning the offer and the proposed purchaser, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and

(4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 13.B and 13.C, above, and you and your owners and if the transferee comply with the conditions in Sections 13.B and 13.C above.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30 day period following either the expiration of the 60 day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

## 14. EXPIRATION OF THIS FRANCHISE AGREEMENT.

### 14.A YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Upon expiration of this Franchise Agreement, you will have the option to acquire one (1) additional five (5) year term ("**Successor Franchise**") subject to the following conditions:

(1) you and each of your owners have substantially complied with this Franchise Agreement during its term, which includes curing any deficiencies and satisfying all monetary obligations owed by you to us, our affiliates or your suppliers or creditors, whether under this Franchise Agreement or otherwise; and

(2) you and each of your owners (if you are an Entity) are, both on the date you give us written notice of your election to acquire a Successor Franchise (as provided in

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Section 14.B below) and on the date on which the term of the Successor Franchise would commence, in full compliance with this Franchise Agreement; and

(3) provided that you maintain possession of and agree to refurbish or replace the Vehicle, add or replace improvements, assets, signage and otherwise modify the Driverseat Franchise as we require to comply with System Standards then applicable for new Driverseat Franchises; and

(4) subject to state law, you will execute a general release, in a form prescribed by us, of any and all claims which you may have against us and our affiliates and our respective shareholders, directors, employees, and agents in their corporate and individual capacities. Unless otherwise prevented by state law, we will consider your failure to sign the release and to deliver it to us for acceptance and execution within thirty (30) days after it is delivered to you to be an election not to acquire a Successor Franchise; and

(5) you execute the then-current form of franchise agreement ("**Successor Franchise Agreement**") and all other agreements, legal instruments and documents then customarily used by us in the renewal of our franchises. The Successor Franchise Agreement and these other agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by us, including the payment of higher fees. We have the right to refuse to renew the license granted under this Franchise Agreement if we have given you written notice three or more times for failure to comply with this Franchise Agreement, whether or not such failure is subsequently cured. When you sign the Successor Franchise Agreement, you are not obligated to pay our then-current initial franchise fee but you will owe a renewal fee of $2,000.

If you and each of your owners (if an Entity) are not, both on the date you give us written notice of your election to acquire a Successor Franchise and on the date on which the term of The Successor Franchise commences, in full compliance with this Franchise Agreement, you acknowledge that we need not grant you a Successor Franchise, whether or not we had, or chose to exercise, the right to terminate this Franchise Agreement during its term under Section 15.B.

14.B GRANT OF A SUCCESSOR FRANCHISE.

You agree to give us written notice ("**Your Notice**") of your election to acquire a Successor Franchise no more than 12 months and no less than six (6) months before this Franchise Agreement expires. We agree to give you written notice ("**Our Notice**"), not more than six (6) months after we receive Your Notice, of our decision:

(1) to grant you a Successor Franchise;

(2) to grant you a Successor Franchise on the condition you correct existing deficiencies of the Driverseat Franchise or in your operation of the Driverseat Franchise;

(3) not to grant you a Successor Franchise based on our determination you and your owners have not substantially complied with this Franchise Agreement during its term or were not in full compliance with this Franchise Agreement and all System Standards on the date you gave us written notice of your election to acquire a Successor Franchise; or


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(4) not grant you a successor because we no longer maintain a franchise program for Driverseat franchises.

If applicable, Our Notice will:

(1) describe the improvements, and/or modifications required to bring the Vehicle into compliance with then applicable System Standards for new Driverseat Franchises; and

(2) state the actions you must take to correct operating deficiencies and the time in which you must correct these deficiencies.

If we elect not to grant you a Successor Franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a Successor Franchise, your right to acquire a Successor Franchise is subject to your full compliance with all of the terms and conditions of this Franchise Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

If Our Notice states that you must refurbish or replace the Vehicle and/or must cure certain deficiencies of the Driverseat Franchise or its operation as a condition to our granting you a Successor Franchise, we will give you written notice of our decision not to grant a Successor Franchise, based upon your failure to complete the remodeling and/or to cure those deficiencies, not less than 90 days before this Franchise Agreement expires, provided, however, that we need not give you this 90 days' notice if we decide not to grant you a Successor Franchise due to your breach of this Franchise Agreement during the 90 day period before it expires. We may extend this Franchise Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the 90 days' notice of our refusal to grant a Successor Franchise. If you fail to notify us of your election to acquire a Successor Franchise within the prescribed time period, we need not grant you a Successor Franchise.

## 15. TERMINATION OF FRANCHISE AGREEMENT.

### 15.A TERMINATION BY YOU.

If you and your owners are in full compliance with this Franchise Agreement, and we materially fail to comply with this Franchise Agreement and we do not correct the failure within 60 days after you deliver written notice of the material failure to us or, if we cannot correct the failure within 60 days, give you, within 60 days after your notice, reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Franchise Agreement effective an additional 30 days after you deliver to us written notice of termination.

Your termination of this Franchise Agreement other than according to this Section 15.A will be deemed a termination without cause and a breach of this Franchise Agreement.

### 15.B TERMINATION BY US.

We may terminate this Franchise Agreement, effective upon delivery of written notice of termination to you, if:

(1) you or any of your owners have made or make any material misrepresentation or omission in acquiring the Driverseat Franchise or operating the Driverseat Franchise;

(2) you do not open the Driverseat Franchise for business within 90 days after the Effective Date;


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(3) your Managing Owner, or, if applicable, Designated Manager and/or other required attendees do not satisfactorily complete the initial training program and you fail to appoint a Managing Owner or Designated Manager within 30 days capable of satisfactorily completing the initial training program;

(4) you cease to operate the Driverseat Business or otherwise abandon the Driverseat Franchise for a period of 15 consecutive days, or any shorter period that indicates an intent by the Franchisee to discontinue operation of the Driverseat Franchise, unless and only to the extent that full operation of the Driverseat Franchise is suspended or terminated due to fire, flood, earthquake, terrorism, act of God, death or disability of principal owner, or other similar causes beyond the Franchisee's control and not related to the availability of funds to Franchisee;

(5) you fail to meet the Minimum Sales Volume set out in Attachment A to this Franchise Agreement for (i) more than six (6) consecutive months or (ii) more than seven (7) months in any 12 month period;

(6) you or your owners make or attempt to make any transfer in violation of Section 13;

(7) you or any of your owners are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony;

(8) you fail to maintain the insurance we require and do not correct the failure within 24 hours after we deliver written notice of that failure to you;

(9) you or any of your owners engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Driverseat Franchise reputation or the goodwill associated with the Marks;

(10) you or any of your owners knowingly make any unauthorized use or disclosure of any part of the Manual or any other Confidential Information;

(11) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate the Driverseat Franchise in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within 24 hours, after you receive notice from us or any other party;

(12) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within 24 hours after we or any applicable government agency deliver notice to you of that violation or failure;

(13) you fail to pay us or our affiliates any amounts due and do not correct the failure within 24 hours after we deliver written notice of that failure to you;

(14) you fail to pay when due any federal or state income, service, sales, or other taxes due on the Driverseat Franchise operation, unless you are in good faith contesting your liability for these taxes;

(15) you or any of your owners (a) fail on three (3) or more separate occasions within any 12 consecutive month period to comply with this Franchise Agreement, whether or not we


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

(16) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; the Driverseat Franchise is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or the Driverseat Franchise is not vacated within 30 days following the order's entry;

(17) you or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(18) you or any of your owners fail to comply with any other provision of this Franchise Agreement or any System Standard and do not correct the failure within 30 days after we deliver written notice of the failure to you;

(19) there is a termination of any other franchise agreement or other agreement between you or your affiliates and us or any of our affiliates, excluding the termination of an Area Development Agreement;

(20) you have three (3) or more insufficient funds or returned checks in any one calendar year; or

(21) you indicate in writing your intention to consummate any of the preceding actions.

In addition to our right to terminate this Franchise Agreement if you breach your obligations under this Franchise Agreement and fail to cure the default within the applicable cure period provided above, you must pay us our then current standard default fee on a monthly basis until the default is cured in order to offset its costs incurred to address the default.

## 16. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS FRANCHISE AGREEMENT.

### 16.A PAYMENT OF AMOUNTS OWED TO US.

You agree to pay us and our affiliate(s) within 15 days after this Franchise Agreement expires or is terminated, or on any later date we determine the amounts due to us (or our affiliates), the Royalties, Advertising Fund Contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

If we terminate this Franchise Agreement due to your breach, you agree to pay to us within 15 days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty, Per Vehicle Royalty Fee, Advertising Fund Contributions, Software License Fee, Vehicle Software Fee, and any other recurring fees that you paid or


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owed us or our affiliates during the 12 months of operation preceding the effective date of termination (provided that if your Driverseat Business was not open during this entire 12 month period, we may use the average amount of such fees paid to us by franchisees in the System during such time period), multiplied by the lesser of (a) 24 (being the number of months in two (2) full years), or (b) the number of months remaining in the term of this Franchise Agreement had it not been terminated.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Franchise Agreement's termination and the loss of cash flow due to, among other things, the complications of determining what costs, if any, we might have saved and how much the fees would have grown over what would have been this Franchise Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

The liquidated damages provision only covers our damages from the loss of cash flow from specific listed fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Franchise Agreement. You agree that this liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Franchise Agreement other than the sections requiring payment of monthly fees.

16.B DE-IDENTIFICATION.

When this Franchise Agreement expires or is terminated:

(1) you may not directly or indirectly at any time or in any manner (except with other Driverseat franchises you own and operate) identify yourself or any business as a current or former Driverseat franchisee or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Driverseat Franchise in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(2) you agree to take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) you agree to deliver to us, at your expense, within 30 days all signs, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Driverseat Franchise, and if you fail to do so in the required time period, you agree to allow us, without liability to you or third parties for trespass or any other claim, to take possession of the Vehicle to remove any signs or other materials containing any Marks from the Driverseat Franchise and to otherwise modify the Vehicle so as to no longer be identifiable as related to the Driverseat Franchise;

(4) you acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and e-mail addresses (collectively "**Identifiers**") used in the operation of your Driverseat Business constitute our assets, and upon termination or expiration of this Franchise Agreement, you will take such action within five (5) days to cancel or assign to us or our designee as determined by us, all of your right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a


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transfer of the same to, or at our direction. You agree to take all action required cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that, we have the sole rights to, and interest in, all Identifiers used by you to promote your Driverseat Business and/or associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Franchise Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer;

(5) you agree to deliver to us copies of the entire customer files for each customer, which includes referrals, credit card and bank information and any other customer information; and

(6) you agree to give us, within 30 days after the expiration or termination of this Franchise Agreement, evidence satisfactory to us of your compliance with the obligations of this Section 16.B.

16.C CONFIDENTIAL INFORMATION.

You agree that, when this Franchise Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications we have licensed to you or that otherwise are proprietary to us or the Franchise System) in any business or otherwise and return to us all copies of the Manual and any other confidential materials we have loaned you, and any customer data you may have.

16.D COVENANT NOT TO COMPETE.

Upon termination or expiration of this Franchise Agreement, you and your owners (if you are an Entity) agree that, for two (2) years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section begin to comply with this Section, whichever is later, neither you nor any of your owners (or your or their spouses) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 8 above) located within the Territory or within: (i) 20 miles from the edge of the Territory, or (ii) 20 miles from the edge of any other Driverseat franchisee's protected territory then in existence.

These restrictions also apply after transfers, as provided in Section 13.C(12) above. If any person restricted by this Section refuses voluntarily to comply with these obligations, the two (2)-year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and general abilities and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

If a court of competent jurisdiction determines that the two (2)-year post-term restrictive period set forth above is too long to be enforceable, then the post-term restrictive period above shall be for a period of one (1)-year from the termination, expiration or transfer of this Franchise Agreement.


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16.E OUR RIGHT TO PURCHASE THE FRANCHISE.

(1) Exercise of Option. Upon one or both of the following:

(a) our termination of this Franchise Agreement according to its terms and conditions; or

(b) your termination of this Franchise Agreement without cause.

We have the option, exercisable by giving you written notice within 30 days after the date of termination, to purchase the assets of the Driverseat Franchise including, without limitation, the Vehicle. We have the unrestricted right to assign this option to purchase. If we purchase the Driverseat Franchise, we are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(2) Purchase Price. The purchase price for the Driverseat Franchise will be its fair market value, provided these items will not include any value for:

(a) the Driverseat Franchise or any rights granted by this Franchise Agreement;

(b) goodwill attributable to our Marks, brand image, and other intellectual property; or

(c) participation in the network of Driverseat Franchises.

We may exclude from the assets purchased any assets and supplies that are not reasonably necessary (in function or quality) to the Driverseat Franchise operation or that we have not approved as meeting standards for Driverseat Franchises, and the purchase price will reflect these exclusions.

(3) Appraisal. If we and you cannot agree on fair market value, fair market value will be determined by an independent appraiser selected by us. We will select the appraiser within 15 days after we notify you that we wish to exercise our purchase option (if you and we have not agreed on fair market value before then). You and we will bear the costs of the appraiser. The appraiser must complete the appraisal within 30 days after. The purchase price will be the independent appraisal amount.

(4) Closing. We or our assignee will pay the purchase price at the closing, which will take place not later than 60 days after the purchase price is determined, although we or our assignee may decide after the purchase price is determined not to purchase the Driverseat Franchise. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us or our assignee:

(a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;

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(b) all of the Driverseat Franchise licenses and permits which may be assigned or transferred; and

(c) the title, or lease, (as applicable) to the Vehicle.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors and assigns.

16.F CONTINUING OBLIGATIONS.

All of our and your and your owners' obligations which expressly or by their nature survive this Franchise Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or expire by their nature.

## 17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

17.A INDEPENDENT CONTRACTORS.

You and we understand and agree that this Franchise Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Franchise Agreement is intended to make either you or us a general or special agent, joint venture, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Driverseat Franchise personnel, and others as the Driverseat Franchise owner under a franchise we have granted and to place notices of independent ownership on the Vehicle and on the forms, business cards, stationery, advertising, and other materials we require from time to time. You have no authority to create or assume in our name or on our behalf any obligation, express or implied, or to act or purport to act as our agent or representative. You agree not to hold yourself out as our agent, employee, partner or co-venturer. All employees hired by or working for you shall be your employees and shall not for any purpose be deemed our employees or subject to our control. You will use your legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements and will not use the Marks on these documents. Upon our request, you and each employee will sign an employment relationship acknowledgement form within seven (7) days stating that you alone are the employer and operate the Driverseat Business.

17.B NO LIABILITY FOR ACTS OF OTHER PARTY.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Driverseat Franchise operation or the business you conduct under this Franchise Agreement.

17.C TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied upon you or the Driverseat Franchise, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes we must pay to any state taxing authority on account of either your operation or payments


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you make to us. The parties agree to file their own tax, regulatory and payroll reports regarding their respective employees and operations, saving and indemnifying the other party hereto from any liability of any nature thereof.

17.D INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees ("Indemnified Parties") against, and to reimburse any one or more Indemnified Parties, to the fullest extent permitted by law, for all claims, obligations, and damages directly or indirectly arising out of the Driverseat Franchise operation, the business you conduct under this Franchise Agreement, or your breach of this Franchise Agreement, including, without limitation:

(1) the infringement alleged infringement, or any other violation by you, your owners or principals, of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or Franchise System;

(2) violation, breach or asserted violation or breach of any federal state, or local law, regulation, ruling or industry standard;

(3) libel, slander or any other form of defamation;

(4) your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding or ruling that we are an employer or joint employer of your employees; or

(5) those alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it and agree to settlements or take any other remedial, corrective, or other actions and such actions will affect your obligation to indemnify under this Section.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Franchise Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, to maintain and recover fully a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

We will indemnify you against, and reimburse you for (1) all damages for which you are held liable in any judicial or administrative proceeding arising out your use of any Mark or Patent in compliance this Franchise Agreement; and (2) the costs in defending any claim brought against you or in any proceeding in which you are named as a party arising out of your use of any Mark or Patent in


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compliance with this Franchise Agreement, provided you have timely notified us of the claim or proceeding, and have complied with this Franchise Agreement.

## 18. ENFORCEMENT.

### 18.A SECURITY INTEREST.

As security for the performance of your obligations under this Franchise Agreement you grant us a security interest in all of the assets of the Driverseat Franchise, including but not limited to the Vehicle, equipment, accounts, supplies, contracts, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request to further document, perfect and record our security interest. If you default on any of your obligations under this Franchise Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Franchise Agreement and at law. If a third party lender requires we subordinate our security interest in the assets of the Driverseat Franchise as a condition to lending you working capital for the operation of the Driverseat Franchise, we will agree to subordinate under terms and conditions determined by us.

### 18.B SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in this Franchise Agreement, each section, paragraph, term, and provision of this Franchise Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Franchise Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Franchise Agreement requires of this Franchise Agreement's termination or of our refusal to enter into a Successor Franchise Agreement, or some other action this Franchise Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Franchise Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Franchise Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Franchise Agreement, as though it were separately articulated in and made a part of this Franchise Agreement.

### 18.C WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Franchise Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice.


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We and you will not waive or impair any right, power, or option this Franchise Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Franchise Agreement before its term expires) because of any custom or practice at variance with this Franchise Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Franchise Agreement or to insist upon the other's compliance with this Franchise Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Driverseat franchises; the existence of franchise agreements for other Driverseat franchises which contain provisions different from those contained in this Franchise Agreement; or our acceptance of any payments due from you after any breach of this Franchise Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We may remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Franchise Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Advertising Fund payments due afterward.

18.D COSTS AND ATTORNEY FEES.

You shall pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by us in successfully enforcing, issuing notices of default, or obtaining any remedy arising from the breach of, this Franchise Agreement. The existence of any claims, demands or actions which you may have against us, whether arising from this Franchise Agreement or otherwise, shall not constitute a defense to our enforcement of your or any equitable owners if you are a legal entity, representations, warranties, covenants, agreements or obligations herein. The prevailing party in any arbitration or litigation arising out of or relating to this Franchise Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorney fees, incurred by the prevailing party in successfully enforcing any provision of this Franchise Agreement.

18.E RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under this Franchise Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Franchise Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

18.F MEDIATION/ARBITRATION.

(1) Except as otherwise provided in this Franchise Agreement, any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought with respect to: (i) the Marks; or ii) (securing injunctive relief or specific performance; shall first be subject to non-binding mediation in the city of our principal business address, currently in Kitchener, Ontario, Canada. Mediation shall not defer or suspend our exercise of any termination right under Section 15.


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(2) Non-binding mediation hereunder shall be concluded within 120 days of the issuance of the request, or such longer period as may be agreed upon by the parties in writing ("Mediation Termination Date"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation, and shall share equally in the cost of the mediator or mediation service.

(3) No arbitration or litigation may be commenced on any claim subject to mediation under this Section prior to the Mediation Termination Date, as defined hereafter, whether or not the mediation has been commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Franchise Agreement or to determine the validity or effect of any provision of this Franchise Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

(4) The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought.

(5) Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by us in writing. We shall make the designation within a reasonable time after issuance of the request.

(6) Except for any actions brought with respect to: (i) the Marks; (ii) issues concerning the alleged violations of federal or state antitrust laws; (iii) securing injunctive relief or specific performance; or (iv) the right to indemnification or the manner in which it is exercised, any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, shall be finally settled by arbitration under the then-prevailing Commercial Arbitration Rules of the American Arbitration Association or any successor thereto, by one arbitrator appointed under such rules. We and you waive, to the fullest extent permitted by law, any right or claim to any punitive or exemplary damages against the other, and agree that any award shall be limited to the recovery of any actual damages sustained by them. The prevailing party also shall be entitled to recover its expenses, including reasonable attorney fees and accounting fees, in addition to any other relief to which it is found entitled. All arbitration proceedings shall take place in the city of our principal business address, currently Kitchener, Ontario, Canada. The arbitration award shall be binding upon the parties and may be entered and enforced in any court of competent jurisdiction. Any arbitration or mediation proceeding shall be limited to controversies between us and you and shall not be expanded to include any other Driverseat franchisee as a party, or include the adjudication of class action claims. If the American Arbitration Association or any successor is no longer in existence at the time arbitration is commenced, you and we will agree on another arbitration organization to conduct the arbitration proceeding.

(7) No right or remedy conferred upon or reserved to either party is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

(8) Nothing in this Franchise Agreement shall bar either party's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and


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permanent injunctions and orders of specific performance enforcing this Franchise Agreement. Either party also shall be able to seek injunctive relief to prohibit any act or omission by the other party or its employees that constitutes a violation of any applicable law, is dishonest or misleading to your customers or to the public, or which may impair the goodwill associated with the Marks. The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief.

(9) We and you (and your owners) agree that the mediation and arbitration provisions of this Section 18.F. shall apply during the term of this Franchise Agreement and following the transfer, termination, expiration, or non-renewal of this Franchise Agreement.

18.G GOVERNING LAW.

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Franchise Agreement, the Driverseat Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules.

18.H CONSENT TO JURISDICTION.

Subject to Sections 18.F and 18.G above and the provisions below, we and you (and your owners if an Entity) agree that all actions arising under this Franchise Agreement or otherwise as a result of the relationship between you and us must be commenced in the provincial, territorial, or federal court of general jurisdiction which is closest to where our principal office then is located, currently Kitchener, Ontario, Canada, and we and you (and each owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you (and your owners) agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the Driverseat Franchise is located.

18.I WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

Except for your obligation to indemnify us for third party claims under Section 17.D, and except for punitive damages available to either party under federal law, we and you (and your owners if you are an Entity) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us.

18.J INJUNCTIVE RELIEF.

Nothing in this Franchise Agreement bars our right to obtain specific performance of this Franchise Agreement and injunctive relief against threatened conduct that will cause us, the Marks, the Patent, and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to our obligation to mediate and arbitrate the underlying claim if required by Section 18.F of this Franchise Agreement). You agree we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only


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remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

18.K BINDING EFFECT.

This Franchise Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Manual and System Standards, this Franchise Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

18.L LIMITATIONS OF CLAIMS.

Except for claims arising from your nonpayment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Franchise Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims. However, the parties agree that, in order to comply with this provision, either party may commence a judicial or arbitration proceeding before a related mediation proceeding is declared completed.

18.M CONSTRUCTION.

The preambles and attachments are a part of this Franchise Agreement which, together with the System Standards contained in the Manual (which may be periodically modified, as provided in this Franchise Agreement), and the Franchise Disclosure Document, constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Franchise Agreement, the franchise relationship, or the Driverseat Franchise. Any understandings or agreements reached, or any representations made, before this Franchise Agreement are superseded by this Franchise Agreement.

Any policies we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Franchise Agreement, and are not binding on us. Except as expressly provided in this Franchise Agreement, nothing in this Franchise Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Franchise Agreement. Except where this Franchise Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval.

The headings of the sections and paragraphs in this Franchise Agreement are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Franchise Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Franchise Agreement, include any of our affiliates with whom you deal. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term "**control**" means the power to direct or cause the direction of management and policies.

If two (2) or more persons are at any time the owners of the Driverseat Franchise, whether as partners or joint venture, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Franchise Agreement and the Driverseat


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Franchise or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Franchise Agreement, the Driverseat Franchise, or the Driverseat Franchise and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a "**controlling ownership interest**" in you or one of your owners (if an Entity) means a 51% or greater of the ownership interest in the entity. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

"**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "**Driverseat Franchise**" includes, without limitation, all of the assets of the Driverseat Franchise you operate under this Franchise Agreement, including its revenue.

This Franchise Agreement may be executed in multiple copies, each of which will be deemed an original.

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

18.N FORCE MAJEURE.

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure, provided, however, force majeure shall not include your lack of adequate financing, and no event of force majeure shall relieve a party of the obligation to pay any money under this Agreement. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

18.O PEER COMPLIANCE COMMITTEE.

We may establish a Peer Compliance Committee (the "**PCC**") to review certain claims you or we may make against each other. Specifically, if we establish the PCC, and you feel we have violated any of our obligations under Section 5 of this Franchise Agreement, you may submit your claim to the PCC. If we establish the PCC, and we believe you have violated any of your obligations under Section 9 of this Franchise Agreement, we may submit that claim to the PCC. (Unless we each agree, no claims or violation of any other provision of this Agreement may be submitted to the PCC.)

If we establish the PCC, we will also establish terms and procedures for the review of complaints by the PCC (the "**PCC T&P**"). If either of us submits a claim for violation of the foregoing sections to the PCC, the PCC will conduct a hearing and review the claim in accordance with the PCC T&P. If the PCC determines a breach has occurred, it may levy a fine against the breaching party, subject to maximum amounts set forth in the PCC T&P. If a party is found to be in breach and that party does not


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cure the breach within 30 days after receipt of notice of the decision of the PCC, or such other reasonable period determined by the PCC (but not less than ten (10) days nor more than 90 days after the decision is received by the party), the PCC will have the authority to levy additional fines in accordance with the PCC T&P. If either of us fail to pay a fine that is levied within ten (10) days following receipt of notice of the levy, that failure will be deemed a material breach of this Agreement.

The submission of claims to the PCC will not be the sole remedy for breach of Sections 5 and 9 of this Franchise Agreement, and each of us may also pursue any other remedies for breach that are permitted under this Agreement.

## 19. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Franchise Agreement or the Manual will be deemed to be delivered:

(1) at the time delivered by hand;

(2) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;

(3) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

(4) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to us must be sent to the address specified on the signature page of this Franchise Agreement, although we may change this address for notice by giving you notice of the new address. Any written notice we send to you may be sent only to the Managing Owner, or, if applicable, the Designated Manager at the address specified on the signature page of this Franchise Agreement. You may change the person and/or address for notice only by giving us 30 days' prior written notice by any of the means specified in subparagraphs (1) through (5) above of this Section.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

## 20. COMPLIANCE WITH ANTI-TERRORISM LAWS.

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement, as provided in Section 15.B above.

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## 21. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates ("**Official Senders**") to you, your owners (if you are an Entity), the Managing Owner, and, if applicable, any Designated Manager during the term of this Franchise Agreement.

You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Franchise Agreement.

The consent given in this Section 21 shall not apply to the provision of notices by either party under this Franchise Agreement under Section 19 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

(Signatures on following page)

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IN WITNESS WHEREOF, the parties have executed and delivered this Franchise Agreement on the dates noted below.

Address For Notices Pursuant to
Section 19 of this Franchise Agreement

Our Address

259 Gage Avenue
Kitchener, Ontario Canada N2M 2C9
Attn: President

Signatures

DRIVERSEAT, INC.

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

Your Address

_____
_____
_____
_____

**FRANCHISE OWNER:**

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

OR:
(if an Entity)

_____
Company Name

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

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## ATTACHMENT A TO FRANCHISE AGREEMENT

## FRANCHISE DATA SHEET

1. **Effective Date**. The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is: _____, 20___.

2. **Initial Franchise Fee**. The Initial Franchise Fee in Section 4.A is _____ dollars ($_____).

3. **Onboarding and Training Fee**. The Onboarding and Training Fee in Section 4.B is _____ _____ dollars ($_____).

4. **Royalty Fee**. The Royalty Fee in Section 4.C is _____ dollars ($_____) per month.

5. **Per Vehicle Royalty Fee**. The Per Vehicle Royalty Fee in Section 4.C is _____ dollars ($_____) per month per Vehicle in excess of the first Vehicle used in the operation of your Driverseat Business.

6. **Territory**.

   The Territory set forth in Section 2.A of the Franchise Agreement will be the area as shown on the map attached or described below:

   _____
   _____
   _____

7. **Minimum Sales Volume**. The Minimum Sales Volume is: _____

8. **Identification of Managing Owner**. Your Managing Owner as of the Effective Date is _____ _____. You may not change the Managing Owner without prior written approval.

9. **Identification of Designated Manager**. Your Designated Manager, if applicable, as of the Effective Date is _____. You may not change the Designated Manager without prior written approval.

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## ATTACHMENT B TO FRANCHISE AGREEMENT

## OWNERSHIP INTERESTS

This Attachment B is current and complete as of the Effective Date
shown on the signature block of the Franchise Agreement

Franchisee: _____

Form of Ownership
(Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

**Management (managers, officers, board of directors, etc.):**

| Name | Title |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |

**Members, Stockholders, Partners:**

| Name | Address | Percentage Owned |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

***(Signatures on following page)***

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DRIVERSEAT, INC.

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

FRANCHISE OWNER:

Sign here if you are taking the franchise as an INDIVIDUAL(S) (Note: Use these blocks if you are not an Entity, as defined in Section 1.C)

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature

Print Name:_____
Title:_____

Date:_____

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# ATTACHMENT C TO FRANCHISE AGREEMENT

## OWNERS AGREEMENT

As a condition to the execution by Driverseat, Inc. ("we" or "us"), of a Franchise Agreement with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses , covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

**1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20___ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

**2. Non-Disclosure and Protection of Confidential Information.**

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

**3. Covenant Not To Compete and To Not Solicit.**

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further,

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we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

## 4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

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## 5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

## 6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Driverseat, Inc.
259 Gage Avenue
Kitchener, Ontario Canada N2M 2C9

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## 7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

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## 8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers,


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agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

**OWNERS:**

| | |
|---|---|
| _____ | _____ |
| [Insert Name of Owner] | [Insert Name of Spouse] |
| _____ | _____ |
| [Insert Name of Owner] | [Insert Name of Spouse] |
| _____ | _____ |
| [Insert Name of Owner] | [Insert Name of Spouse] |
| _____ | _____ |
| [Insert Name of Owner] | [Insert Name of Spouse] |

Driverseat, Inc. hereby accepts the agreements of the Owner(s) hereunder.

DRIVERSEAT, INC.

By: _____

Title: _____

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EXHIBIT D

# AREA DEVELOPMENT AGREEMENT

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# AREA DEVELOPMENT AGREEMENT

Area Developer: Name entered here
Development Territory: Location / City / State / Country
Area Developer Address: _____
Area Developer Phone: _____
Area Developer Email: _____
Effective Date: _____

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ATTACHMENTS

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# AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "**Agreement**") is entered into this ___ day of _____, 20__ (the "**Effective Date**") between Driverseat, Inc., a Delaware corporation ("**we**" or "**us**") and _____, a(n) _____ ("**you**").

**1. DEFINITIONS.** Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Initial Franchise Agreement (as defined below).

"**Competitive Business**" means any business that derives any revenue from the transportation of people or any business granting franchises or licenses to others to operate a business involving the transportation of people. A Competitive Business does not include a business operated under a franchise agreement with us.

"**Development Schedule**" means the schedule described in Section 3.1 and ATTACHMENT "A" for the development of the Terminals.

"**Development Territory**" means the geographic area described in ATTACHMENT "B".

"**Discounted Initial Franchise Fee**" means the discounted initial franchise fee that you must pay for each Subsequent Terminal, which discounted amount is $30,000.00 plus applicable tax for the second Subsequent Terminal and $8,000.00 plus applicable tax for the third Subsequent Terminal.

"**Franchise Agreement**" means the Initial Franchise Agreement, a Subsequent Franchise Agreement, or both.

"**Initial Franchise Agreement**" means the Driverseat Franchise Agreement for your first Driverseat business that you sign concurrently with the execution of this Agreement.

"**Initial Franchise Fee**" means the initial franchise fee that you must pay for the Initial Terminal, which amount is $30,000.00 plus applicable tax.

"**Initial Terminal**" means the first Driverseat business that you will establish pursuant to the Initial Franchise Agreement.

"**Marks**" means the trade name and trade-mark "Driverseat", and any other marks we approve for use with the Driverseat franchise system.

"**Owner**" or "**Owners**" means any individual who directly signs this Agreement or who owns a direct or indirect ownership interest in the area development rights or the entity that is the area developer under this Agreement. "Owner" includes both passive and active owners.

"**Permitted Transfer**" means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"**Subsequent Franchise Agreement**" means any Driverseat Franchise Agreement that you sign pursuant to this Agreement to develop a Driverseat business other than the Initial Terminal (e.g., for your second or subsequent franchised Driverseat business).

"**Subsequent Terminal**" means any Driverseat business that you establish pursuant to a Subsequent Franchise Agreement (e.g., your second or subsequent franchised unit).

"**Term**" means the period of time commencing with the Effective Date of this Agreement and expiring upon the earlier of : (a) the date by which you are required to sign your Franchise Agreement for your final Subsequent

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Terminal under the Development Schedule, and (b) the date on which you sign your Franchise Agreement for your final Subsequent Terminal under the Development Schedule.

"**Terminal**" means the Initial Terminal, a Subsequent Terminal, or both.

"**Transfer**" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the area development rights (or any interest therein), the business conducted by you pursuant to this Agreement, the Initial Franchise Agreement or any Subsequent Franchise Agreement (or any portion thereof) or an ownership interest in an entity that is the area developer under this Agreement, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the entity that is the area developer, or by operation of law, will or a trust upon the death of an Owner of the area developer entity.

**2. GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms and conditions of this Agreement, we hereby grant you the exclusive right and obligation to develop each of the three (3) Terminals referred to in the Development Schedule. Each Terminal that you develop pursuant to this Agreement must be located within the Development Territory. For the duration of the Term, we will not operate, or grant a license to any third party to operate, a Driverseat business that is physically located within the Development Territory. This Agreement is not a Franchise Agreement and does not grant to you any right to our Marks or our franchise system. You shall have no right under this Agreement to franchise others under our Marks or franchise system. You may only use our Marks pursuant to the terms of a Franchise Agreement signed by you and us. Your development rights shall terminate upon the earlier of the expiration of the Term or the termination of this Agreement pursuant to Section 7.

**3. DEVELOPMENT OBLIGATIONS.**

3.1. **Development Schedule**. You agree to sign a Franchise Agreement for each Terminal in strict accordance with time periods set forth in the Development Schedule. The first Franchise Agreement listed in the Development Schedule refers to the Initial Franchise Agreement that you will sign at the time you sign this Agreement. You must develop, open and operate each Terminal in compliance with all of the terms and conditions of the applicable Franchise Agreement. We may, in our discretion, extend the time periods listed in the Development Schedule, but only if you can demonstrate to our reasonable satisfaction that you have used your best efforts to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or financial inability.

3.2. Franchise Agreements. You must sign the Initial Franchise at the time you sign this Agreement. You must sign each Subsequent Franchise Agreement within the time periods set forth in the Development Schedule. Each Subsequent Franchise Agreement will be modified to reflect the Discounted Initial Franchise Fee and the then current royalties. You will have no right to operate any Terminal until you and we have executed the applicable Franchise Agreement and all ancillary agreements for that franchise.

3.3. Additional Terminals. You have no right to develop any Driverseat business other than the Terminals.

**4. DEVELOPMENT FEE.** At the time you sign this Agreement, you must pay us a development fee equal to $68,000.00 plus applicable tax, which amount is calculated as the sum of the Initial Franchise Fee plus the Discounted Initial Franchise Fees that you must pay us pursuant to the Subsequent Franchise Agreements you

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are obligated to sign pursuant to this Agreement. The development fee is fully earned and nonrefundable upon execution of this Agreement.

**5. AREA DEVELOPER AS ENTITY**. If you are a corporate entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the entity authorizing the execution of this Agreement, a copy of the entity's organizational documents and a current Certificate of Status. You represent that the entity is duly formed and validly existing under the laws of the province of its incorporation. You may form separate entities to enter into the Initial Franchise Agreement and each Subsequent Franchise Agreement for the operation of the Terminals provided that: (i) the individuals holding the ownership interests (and their percentage interests) in each such entity must be the same individuals holding ownership interests (with the same percentage interests) in the entity that is the Area Developer under this Agreement; and (ii) each such entity guarantees the performance of all other entities formed under the authority of this Section 5.

**6. TRANSFERS.**

6.1. **By Us**. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

6.2. **By You**. You understand that the rights and duties created by this Agreement are personal to you and your Owners and that we have granted you the area development rights in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to develop, own and operate all of the Terminals you must develop under this Agreement and otherwise meets all of our then applicable standards for area developer franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement, all Franchise Agreements and all other agreements with us or our affiliate;

(iii) all of the Owners of the transferee have successfully completed, or made arrangements to attend, the initial training program and pay us our then-current Onboarding and Initial Training Fee;

(iv) the transferee and its owners sign our then current form of area development agreement (unless we, in our discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the transfer);

(v) you or the transferee pay us a transfer fee equal to $2,000 for each developed Terminal for which you have signed a Franchise Agreement with us and each undeveloped Terminal for which you have not signed a Franchise Agreement with us;

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(vi) you assign all of your Franchise Agreements to the transferee in accordance with all of the transfer terms and conditions applicable under each such Franchise Agreement (including payment of any transfer fee separately imposed under each such Franchise Agreement);

(vii) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(viii) we do not elect to exercise our right of first refusal described in Section 6.5; and

(ix) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

You may not transfer less than your entire remaining area development rights under this Agreement (i.e., you may not retain the right to develop any Terminals). You also may not transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

6.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must give us at least ten (10) days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

6.4. **Death or Disability of an Owner.** Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the area development rights, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 6.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement for a continuous period of at least three (3) months.

6.5. **Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase your area development rights and Terminals or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 6.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

**7. TERMINATION.** You represent that you: (i) have conducted your own independent investigation and analysis of the prospects for the establishment of the Terminals within the Development Territory; (ii) approve the Development Schedule as being reasonable and viable; and (iii) recognize that your failure to achieve the results required by the Development Schedule will constitute a material breach of this Agreement. If you fail to

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comply with any term of this Agreement, we may terminate this Agreement, effective 30 days after giving you written notice of the default, unless you have fully cured the default within such 30-day period. Any such termination will end all of your rights and future obligations under this Agreement, including without limitation, your interests in the Development Territory and right to open additional Terminals. In the event of a termination, you will not be entitled to any refund of the development fee, regardless of whether any Subsequent Terminal is unopened as of the effective date of termination of this Agreement. Our termination of either the Initial Franchise Agreement or any Subsequent Franchise Agreement due to your default shall constitute a default under this Agreement permitting us to terminate this Agreement immediately upon written notice to you.

**8. DISPUTE RESOLUTION**.

(a) Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought with respect to: (i) the Marks; or (ii) securing injunctive relief or specific performance; shall first be subject to non-binding mediation in the city of our principal business address, currently in Kitchener, Ontario, Canada. Mediation shall not defer or suspend our exercise of any termination right under this Agreement.

(b) Non-binding mediation hereunder shall be concluded within 120 days of the issuance of the request, or such longer period as may be agreed upon by the parties in writing ("Mediation Termination Date"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation, and shall share equally in the cost of the mediator or mediation service.

(c) No arbitration or litigation may be commenced on any claim subject to mediation under this Section prior to the Mediation Termination Date, as defined hereafter, whether or not the mediation has been commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

(d) The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought.

(e) Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by us in writing. We shall make the designation within a reasonable time after issuance of the request.

(f) Except for any actions brought with respect to: (i) the Marks; or (ii) securing injunctive relief or specific performance; any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, shall be finally settled by arbitration under the then-prevailing Commercial Arbitration Rules of the American Arbitration Association or any successor thereto, by one arbitrator appointed under such rules. We and you waive, to the fullest extent permitted by law, any right or claim to any punitive or exemplary damages against the other, and agree that any award shall be limited to the recovery of any actual damages sustained by them. The prevailing party also shall be entitled to recover its expenses, including reasonable attorney fees and accounting fees, in addition to any other relief to which it is found entitled. All arbitration proceedings

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shall take place in the city of our principal business address, currently Kitchener, Ontario, Canada. The arbitration award shall be binding upon the parties and may be entered and enforced in any court of competent jurisdiction. Any arbitration or mediation proceeding shall be limited to controversies between us and you and shall not be expanded to include any other Driverseat franchisee as a party, or include the adjudication of class action claims. If the American Arbitration Association or any successor is no longer in existence at the time arbitration is commenced, you and we will agree on another arbitration organization to conduct the arbitration proceeding.

(g) No right or remedy conferred upon or reserved to either party is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

(h) Nothing in this Agreement shall bar either party's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing this Agreement. Either party also shall be able to seek injunctive relief to prohibit any act or omission by the other party or its employees that constitutes a violation of any applicable law, is dishonest or misleading to your customers or to the public, or which may impair the goodwill associated with the Marks. The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief.

(i) Subject to the provisions of this Section, we and you (and your owners if an entity) agree that all actions arising under this Area Development Agreement or otherwise as a result of the relationship between you and us must be commenced in the provincial, territorial, or federal court of general jurisdiction which is closest to where our principal office then is located, currently Kitchener, Ontario, Canada, and we and you (and each owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you (and your owners) agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the Development Territory is located.

(j) We and you (and your owners) agree that the mediation and arbitration provisions of this Section 8 shall apply during the term of this Agreement and following the transfer, termination, expiration, or non-renewal of this Agreement.

**9. YOUR REPRESENTATIONS.** YOU HEREBY REPRESENT THAT: (I) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (II) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (III) YOU RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES; (IV) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES AND AREA DEVELOPERS OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES AND AREA DEVELOPERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND (V) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND


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JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

## 10. EXCLUSIVE RELATIONSHIP; COVENANT NOT TO COMPETE.

10.1. You acknowledge that we have granted you the area development rights in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, neither you, any of your owners, nor any of your or your owners' spouses or other immediate family members will:

(a) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise, in a Competitive Business, wherever located or operating (except that equity ownership of less than three percent (3%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(c) divert or attempt to divert any actual or potential business or customer of a Driverseat business to a Competitive Business; or

(d) engage in any other activity which may injure the goodwill of the Marks and/or Driverseat franchise system.

10.2. Upon termination or expiration of this Agreement, you and your Owners (if you are an entity) agree that, for two (2) years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section begin to comply with this Section, whichever is later, neither you nor any of your Owners (or your or their spouses) will have any direct or indirect interest as an Owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business located within the Development Territory or within 20 miles of (i) the edge of the Development Territory, or (ii) the edge of any other Driverseat franchisee's protected territory then in existence.

10.3. These restrictions also apply after transfers, as provided in Section 6 above. If any person restricted by this Section refuses voluntarily to comply with these obligations, the two (2)-year period for that person will commence with the entry of a court order enforcing this provision. You and your Owners expressly acknowledge that you possess skills and general abilities and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

10.4. If a court of competent jurisdiction determines that the two (2)-year post-term restrictive period set forth above is too long to be enforceable, then the post-term restrictive period above shall be for a period of one (1)-year from the termination, expiration or transfer of this Agreement.

## 11. GENERAL PROVISIONS.

11.1. **Governing Law.** All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, and all claims arising from the relationship between us and you will be governed by the laws of the State of Delaware,


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without regard to its conflict of laws rules.

11.2. **Relationship of the Parties.** You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

11.3. **Severability and Substitution**. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

11.4. **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Driverseat Fitness franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

11.5. **Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

11.6. **Force Majeure.** Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure, provided, however, force majeure shall not include your lack of adequate financing, and no event of force majeure shall relieve a party of the obligation to pay any money under this Agreement. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

11.7. **Binding Effect.** This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is

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intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

11.8. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above.

11.9. **Rights of Parties are Cumulative**. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

11.10. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

11.11. **Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

11.12. **Time of Essence.** Time is of the essence in this Agreement and every term thereof.

11.13. **Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

11.14. **Notice.** All notices given under this Agreement must be in writing, delivered by hand, telegram or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

| | |
|---|---|
| YOU: | As set forth below your signature on this Agreement |
| US: | Driverseat, Inc.<br>259 Gage Ave.<br>Kitchener, Ontario N2M 2C9 |

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by telegraph or comparable electronic or computer system, or three (3) business days after placed in the mail, postage prepaid,

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by certified mail with a return receipt requested.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

Driverseat, Inc.

By:_____
Name:_____
Its:_____

**AREA DEVELOPER (If you are an entity):**

_____,

By:_____
Name:_____
Its:_____

Principal Business Address of Area Developer:
_____

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# ATTACHMENT "A"

## TO AREA DEVELOPMENT AGREEMENT

### DEVELOPMENT SCHEDULE

You agree to comply with the following minimum development obligations as specified in Section 3 of the Agreement:

| DEVELOPMENT PERIOD ENDING | NUMBER OF FRANCHISE AGREEMENTS SIGNED DURING DEVELOPMENT PERIOD | CUMULATIVE NUMBER OF TERMINALS OPENED |
|---|---|---|
| Upon Effective Date | 1 | 1 |
| Within 8 months of Effective Date | 1 | 2 |
| Within 12 months of Effective Date | 1 | 3 |

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## ATTACHMENT "B"

## TO AREA DEVELOPMENT AGREEMENT

### DEVELOPMENT TERRITORY

The Development Territory shall be comprised of the following geographic area:

City, State, US

Zip Codes including:

| | | |
|---|---|---|
| Terminal 1 | Name | Zips |
| Terminal 2 | Name | Zips |
| Terminal 3 | Name | Zips |

*** If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.**

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EXHIBIT E

# FRANCHISE DISCLOSURE QUESTIONNAIRE

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# FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Driverseat, Inc. ("we" or "us"), and you are preparing to enter into a Franchise Agreement and an Area Development Agreement, if applicable, for the operation of a Driverseat franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and Area Development Agreement, if applicable.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

| | | | |
|---|---|---|---|
| 1. | Yes__ | No__ | Have you received and personally reviewed the Franchise Agreement and Area Development Agreement, if applicable, and each attachment or exhibit attached to it that we provided? |
| 2. | Yes__ | No__ | Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided? |
| 3. | Yes__ | No__ | Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? |
| 4. | Yes__ | No__ | Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement, if applicable? |
| 5. | Yes__ | No__ | Have you reviewed the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement, if applicable, with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals? |
| 6. | Yes__ | No__ | Have you had the opportunity to discuss the benefits and risks of developing and operating a Driverseat Franchise with an existing Driverseat franchisee? |
| 7. | Yes__ | No__ | Do you understand the risks of developing and operating a Driverseat Franchise? |
| 8. | Yes__ | No__ | Do you understand the success or failure of your Driverseat Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors? |
| 9. | Yes__ | No__ | Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and Area Development Agreement, if applicable, must be arbitrated in Delaware, if not resolved informally or by mediation? |


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10. Yes__ No__ Do you understand that you must satisfactorily complete the initial training program before we will allow your Driverseat Franchise to open or consent to a transfer of the Driverseat Franchise to you?

11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Driverseat Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, and Area Development Agreement, if applicable, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Driverseat Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

14. Yes__ No__ Do you understand that the Franchise Agreement, and Area Development Agreement, if applicable, including each attachment or exhibit to the Franchise Agreement, and Area Development Agreement, if applicable, contains the entire agreement between us and you concerning the Driverseat Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement and Area Development Agreement, if applicable, or the attachments or exhibits to the Franchise Agreement will not be binding?

15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

| | |
|---|---|
| Signature of Franchise Applicant | Signature of Franchise Applicant |
| Name (please print) | Name (please print) |
| Date | Date |

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EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

| Question Number | Explanation of Negative Response |
|---|---|
| | |
| | |
| | |

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EXHIBIT F

# Driverseat Operations Manual
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# LIST OF CURRENT AND FORMER FRANCHISEES

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**Current Franchisees as of August 31, 2022:**

| Name | Address | Email | Contact |
|---|---|---|---|
| Michael Cushman | 1607 Wilkes Farm Court<br>Watkinsville, GA 30677 | Athens@driverseatinc.com | 706-621-6799 |
| Bell Grows of Florida LLC | 6601 28 Avenue East<br>Bradenton, FL 34208 | driverseatsarasota@outlook.com | 941-271-0079 |
| Garry Farrar | 21 Burnham Lane<br>Voorhees, NJ 08043 | gary@gb-landscaping.com | 973-477-6443 |

**Franchisees with Unopened Outlets as of August 31, 2022:**

| Name | Address | Email | Contact |
|---|---|---|---|
| Jason Elwell* | 106 Abbington Circle<br>Battle Creek, MI 49015 | elwelljason42@gmail.com | 706-621-6799 |

* Denotes Area Developer

**Former Franchisees:**

The name and last known address of every franchisee who had a Driverseat Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period September 1, 2021 to August 31, 2022, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

None


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EXHIBIT H

**STATE ADDENDA AND AGREEMENT RIDERS**

## STATE ADDENDA AND AGREEMENT RIDERS

## ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR DRIVERSEAT, INC.

The following modifications are made to the Driverseat, Inc. ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20___ ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means Delaware. When the term "**Supplemental Agreements**" is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

### CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 - 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 - 20043, the franchise disclosure document for Driverseat in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

California Corporations Code § 31125 requires us to give you a disclosure document, in a form containing the information that the Commissioner of Department of Financial Protection and Innovation of the California Department of Financial Protection and Innovation may by rule or order require, prior to a solicitation or 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 FRANCHISE DISCLOSURE DOCUMENT.

Item 3, "Litigation," shall be amended by the addition of the following language:

> Neither Franchisor, nor any person or franchise broker in Item 2 of the franchise disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in this association or exchange.


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Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

> The regulations of the California Department of Financial Protection and Innovation require that the following information concerning provisions of the franchise agreement be disclosed to you:
>
> The California Franchise Relations Act provides rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law will control.
>
> The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C.A. §§ 101, et seq.
>
> The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise agreement. This provision may not be enforceable under California law.
>
> The franchise agreement requires the application of the laws of Minnesota. This provision may be unenforceable under California law.
>
> The franchise agreement contains a waiver of punitive damages and a jury trial. These provisions may not be enforceable under California law.
>
> The franchise agreement requires binding arbitration. The arbitration will occur in the metropolitan area in which our principal place of business is then located. These provisions may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws to the provisions of the franchise agreement restricting venue to a forum outside the State of California.
>
> The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code § 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. California Corporations Code § 31512 voids a waiver of your rights under the California Franchise Investment Law. California Business and Professions Code § 20010 voids a waiver of your rights under the California Franchise Relations Act.

OUR WEBSITE AT www.driverseatinc.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at WWW.DFPI.CA.GOV.

THE FRANCHISE HAS BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.


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Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law and the California Franchise Relations Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

## HAWAII

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

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

Registered agent in the state authorized to receive service of process:

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

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in the FDD on the page entitled, "State Effective Dates".

2. States which have refused, by order or otherwise, to register these Franchises are:

   None


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3. States which have revoked or suspended the right to offer the Franchises are:

None

4. States in which the proposed registration of these Franchises has been withdrawn are:

None

5. Item 5 of the FDD, and the Franchise Agreement and Area Development Agreement, are amended as follows:

**ILLINOIS**

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

**INDIANA**

Item 8 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

> No competing business for two (2) years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.


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2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

**MARYLAND**

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreement are amended to state that you 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 after the grant of the Franchise.

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreement are amended by the addition of the following provision:

> "The Franchise Agreement and Area Development Agreement provide 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 right 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 forum selection requirement is legally enforceable."

The Franchise Agreement and franchisee questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

To the extent the Maryland state laws and regulations apply independently to the relationship between Franchisor and Franchisee, the Franchisee and Franchisor agree that the terms of the preceding Maryland Addendum shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and the Area Development agreement entered into by Franchisor and the undersigned Franchisee. To the extent any terms of a Maryland Addendum conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and/or the Area Development Agreement, the terms of the Maryland Addendum shall supersede the terms of such agreement.

**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.**

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

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless 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:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Bldg., Floor 1
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 335-7644

**MINNESOTA**

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.


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2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or 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 Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his 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. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

> No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 4.H of the Franchise Agreement are hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

**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 THAT 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

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

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

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


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However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee":** You may terminate the agreement on any grounds available by law.

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

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

**NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

## RHODE ISLAND

§ 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." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

## SOUTH DAKOTA

Intentionally left blank.

## VIRGINIA

Item 17(h). The following is added to Item 17(h):

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Driverseat, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure. The following statements are added to Item 8 and Item 17.h.
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the 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.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of 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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a Franchisor from restricting, restraining, or prohibiting 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.

## WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

***(Signatures on following page)***


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## APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

| | | | | | |
|---|---|---|---|---|---|
| ☐ | California | ☐ | Michigan | ☐ | South Dakota |
| ☐ | Hawaii | ☐ | Minnesota | ☐ | Virginia |
| ☐ | Illinois | ☐ | New York | ☐ | Washington |
| ☐ | Indiana | ☐ | North Dakota | ☐ | Wisconsin |
| ☐ | Maryland | ☐ | Rhode Island | | |

Dated: _____, 20____

**FRANCHISOR:**

DRIVERSEAT, INC.

By: _____

Title: _____

**FRANCHISEE:**

_____

_____

By: _____

Title: _____

EXHIBIT I

**CONTRACTS FOR USE WITH THE DRIVERSEAT FRANCHISE**

The following contracts contained in Exhibit I are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Driverseat Business. The following are the forms of contracts that Driverseat, Inc. uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.

EXHIBIT I-1

**DRIVERSEAT FRANCHISE**

**SAMPLE GENERAL RELEASE AGREEMENT**

**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims ("Release") is made as of _____, 20___ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Driverseat, Inc., a Delaware corporation ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS,** Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Driverseat business;

**WHEREAS,** Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee **(enter into a successor franchise agreement)**, and Franchisor has consented to such transfer **(agreed to enter into a successor franchise agreement)**; and

**WHEREAS,** as a condition to Franchisor's consent to the transfer **(Franchisee's ability to enter into a successor franchise agreement)**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE,** in consideration of Franchisor's consent to the transfer **(Franchisor entering into a successor franchise agreement)**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

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3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Delaware.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

***(Signatures on following page)***


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**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

_____,

_____

By: _____

Name: _____

Its: _____

**FRANCHISEE'S OWNERS:**

Date _____

_____
Signature

_____
Typed or Printed Name

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EXHIBIT I-2

# DRIVERSEAT FRANCHISE

## SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement ("Agreement") is entered into by the undersigned ("you" or "your") in favor of Driverseat, Inc., a Delaware corporation, and its successors and assigns ("us", "we" or "our"), upon the terms and conditions set forth in this Agreement.

**1. Definitions**. For purposes of this Agreement, the following terms have the meanings given to them below:

*"Competitive Business"* means any business that: (i) derives any revenue from the transportation of people; or (ii) franchises or licenses to others to operate a business involving the transportation of people, but excludes a Driverseat business operating pursuant to a franchise agreement with us.

*"Copyrights"* means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Driverseat business or the solicitation or offer of a Driverseat franchise, whether now in existence or created in the future.

*"Franchisee"* means the Driverseat franchisee for which you are a manager or officer.

*"Franchisee Territory"* means the territory granted to you pursuant to a franchise agreement with us.

*"Intellectual Property"* means, collectively or individually, our Marks, Copyrights, Know-how, and System.

*"Know-how"* means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Driverseat business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

*"Manual"* means our confidential operations manual for the operation of a Driverseat business, which may be periodically modified by us.

*"Marks"* means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Driverseat business, including "DRIVERSEAT," and any other trademarks, service marks, or trade names that we designate for use by a Driverseat business. The term "Marks" also includes any distinctive trade dress used to identify a Driverseat business, whether now in existence or hereafter created.

*"Prohibited Activities"* means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of three percent (3%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

*"Restricted Period"* means the two (2)-year period after you cease to be a manager or officer of Franchisee's Driverseat business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the nine (9) month period after you cease to be a manager or officer of Franchisee's Driverseat business.


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*"Restricted Territory"* means the geographic area within Franchisee's Territory and within: (i) 20 miles of the edge of Franchisee's Territory; and (ii) 20 miles from the edge of the protected territory of any other Driverseat business that is operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 25-mile radius from Franchisee's Territory.

*"System"* means our system for the establishment, development, operation, and management of a Driverseat business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background**. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property**. You agree: (i) you will not use the Know-how in any business or capacity other than the Driverseat business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's Driverseat business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship**. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's Driverseat business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship**. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members**. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited

Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.


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**7. Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**8. Breach**. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Driverseat franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous**.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Delaware, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

***Signature on following page***

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name



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EXHIBIT I-3

# DRIVERSEAT FRANCHISE

## SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of Driverseat, Inc., a Delaware corporation, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

**1. Definitions**. For purposes of this Agreement, the following terms have the meanings given to them below:

*"Copyrights"* means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Driverseat franchisees to use, sell, or display in connection with the marketing and/or operation of a Driverseat Business, whether now in existence or created in the future.

*"Driverseat Business"* means a business that provides various driving services to customers within a territory, including designated driver services, car relocation services, special events chauffeuring, assisted transport, and car relocation services and other related products and services using our Intellectual Property.

*"Franchisee"* means the Driverseat franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

*"Intellectual Property"* means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

*"Know-how"* means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Driverseat Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

*"Manual"* means our confidential operations manual for the operation of a Driverseat Business.

*"Marks"* means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Driverseat Business, including "DRIVERSEAT" and any other trademarks, service marks, or trade names that we designate for use by a Driverseat Business. The term "Marks" also includes any distinctive trade dress used to identify a Driverseat Business, whether now in existence or hereafter created.

*"System"* means our system for the establishment, development, operation, and management of a Driverseat Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

**2. Background**. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership**. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the


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Driverseat Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Driverseat, Inc. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members**. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach**. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Driverseat franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous**.

a. Although this Agreement is entered into in favor of Driverseat, Inc., you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.


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b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Delaware, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

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EXHIBIT I-4

AUTOMATED CLEARING HOUSE PAYMENT AND CREDIT CARD AUTHORIZATION FORM

Franchisee Information:

| | |
|---|---|
| Franchisee Name | Business No. |
| Franchisee Mailing Address (street) | Franchisee Phone No. |
| Franchisee Mailing Address (city, state, zip) | |
| Contact Name, Address and Phone number (if different from above) | |
| Franchisee Fax No. | Franchisee E-mail Address |

Bank Account Information:

| | | |
|---|---|---|
| Bank Name | | |
| Bank Mailing Address (street, city, state, zip) | | |
| Bank Account No. | ☐ Checking ☐ Savings (check one) | Bank Routing No. (9 digits) |
| Bank Mailing Address (city, state, zip) | | Bank Phone No. |

Authorization:

Franchisee hereby authorizes Driverseat, Inc. ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Name: _____

Its: _____

Federal Tax ID Number: _____

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

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## CREDIT CARD AUTHORIZATION

| **Credit Card Information** |
|---|
| Card Type: ☐ MasterCard ☐ VISA ☐ Discover ☐ AMEX<br>□ Other _____ |
| Cardholder Name (as shown on card): _____ |
| Card Number: _____ |
| Expiration Date (mm/yy): _____ |
| Security Code: _____ |
| Cardholder ZIP Code (from credit card billing address): _____ |

Franchisee hereby authorizes Franchisor to charge the above-referenced card all amounts due to Franchisor or its affiliates pursuant to the Franchise Agreement and any other agreement between Franchisee and its affiliates and Franchisor. This authorization remains in full force and effect until sixty (60) days after the Franchisor has received written notification from the Franchisee of its termination. Franchisee understands that its information will be saved to file for all transactions.

Signature of Authorized Signer:_____ Date:_____

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EXHIBIT I-5

**DRIVERSEAT FRANCHISE**

**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment ("**Agreement**") is entered into this _____ day of _____, 20_____, between Driverseat, Inc. ("**Franchisor**"), _____ ("**Former Franchisee**") and _____ ("**New Franchisee**").

**RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20_____ ("**Franchise Agreement**"), in which Franchisor granted Former Franchisee the right to operate a Driverseat franchise located at _____ ("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Assignment**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("**Franchisor's Assignment Fee**").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing of a franchise agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that all of Former Franchisee's rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the


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termination, expiration, or transfer of the Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute Franchisor's current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Driverseat franchise as stated in Franchisor's Franchise Disclosure Document.

6. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three (3) year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of a new franchise agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

***(Signatures on following page)***


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**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR**:

DRIVERSEAT, INC.

By: _____

Title: _____

**FORMER FRANCHISEE:**

_____

By: _____

Title: _____

**NEW FRANCHISEE:**

_____

By: _____

Title: _____

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EXHIBIT J

# STATE EFFECTIVE DATES AND RECEIPTS

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## 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:

**Effective Dates for States Requiring Registration and Notice Filings:**

| STATE | EFFECTIVE DATE |
|---|---|
| CALIFORNIA | NOT REGISTERED |
| HAWAII | SEE SEPARATE FDD |
| ILLINOIS | SEE SEPARATE FDD |
| INDIANA | PENDING |
| MARYLAND | NOT REGISTERED |
| MICHIGAN | PENDING |
| MINNESOTA | NOT REGISTERED |
| NEW YORK | SEE SEPARATE FDD |
| NORTH DAKOTA | NOT REGISTERED |
| RHODE ISLAND | SEE SEPARATE FDD |
| SOUTH DAKOTA | NOT REGISTERED |
| VIRGINIA | NOT REGISTERED |
| WASHINGTON | NOT REGISTERED |
| WISCONSIN | PENDING |

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.



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**RECEIPT**
**(Retain This Copy)**

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

If Driverseat, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Driverseat, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Driverseat, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Driverseat, 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, DC 20580, and the appropriate state agency identified on Exhibit A.

| The name, principal business address, and telephone number of each franchise seller offering the franchise is: |
|---|
| Brian Bazely, 259 Gage Avenue, Kitchener, Ontario, Canada N2M 2C9, 855-374-8390 |
| Luke Bazely, 259 Gage Avenue, Kitchener, Ontario, Canada N2M 2C9, 855-374-8340 |
| |

Issuance Date: December 29, 2022

I received a disclosure document issued December 29, 2022, which included the following exhibits:

| | |
|---|---|
| Exhibit A | State Administrators and Agents for Service of Process |
| Exhibit B | Financial Statements |
| Exhibit C | Franchise Agreement |
| Exhibit D | Area Development Agreement |
| Exhibit E | Franchise Disclosure Questionnaire |
| Exhibit F | Driverseat Operations Manual Table of Contents |
| Exhibit G | List of Current and Former Franchisees |
| Exhibit H | State Addenda and Agreement Riders |
| Exhibit I | Contracts for use with the Driverseat Franchise |
| Exhibit J | State Effective Dates and Receipts |

| | | |
|---|---|---|
| Date | Signature | Printed Name |
| Date | Signature | Printed Name |

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**



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FDD-Driverseat-FY2023

**RECEIPT**
**(Our Copy)**

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

If Driverseat, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Driverseat, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Driverseat, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Driverseat, 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, DC 20580, and the appropriate state agency identified on Exhibit A.

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| Exhibit J | State Effective Dates and Receipts |

| | | |
|---|---|---|
| Date | Signature | Printed Name |
| Date | Signature | Printed Name |

**Unless you have signed this receipt via a digital platform, please sign this copy of the receipt, date your signature, and return it to Driverseat, Inc., 259 Gage Avenue, Kitchener, Ontario, Canada N2M 2C9.**



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